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# West Europe Report

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POLITICAL

EUROPEAN AFFAIRS

NORWEGIAN EDITOR AUTHORS BOOK ON NORDIC TIES WITH USSR

Stockholm SVENSKA DAGBLADET in Swedish 7 Feb 86 p 6

[Article by Margit Silberstein]

[Text] Oslo--The Soviet Union is evincing an ever-growing need to demonstrate to the Nordic countries that they constitute a strategically important and sensitive neighboring area as far as it is concerned. The clearest and most brutal demonstrations of that fact are being directed at Sweden.

So says Norwegian Jahn Otto Johansen, formerly a correspondent in Moscow for Norwegian Radio and now its Washington correspondent, in a recently published book. Johansen is considered to be one of Norway's most respected experts on the Eastern states. He has written several books on Finland and the Soviet Union.

In his latest book--"The Soviet Union and the Nordic Region: Confrontation or Neighborly Relations"--Johansen declares that the days when one could label the Nordic region Europe's peaceful and conflict-free corner are gone.

Relations between the Soviet Union and Sweden are especially conflict ridden and problematic. While working on his book, Johansen consulted about 30 politicians, government officials, and security experts in the United States, the Soviet Union, and the Nordic region.

When he met with the press in Oslo, Johansen said: "The security debate in Sweden is so inflamed that the Swedes with whom I spoke did not want to risk expressing themselves officially for fear of what Palme would say."

According to Johansen, the Soviet Union feels that Swedish neutrality policy sides with the United States. As long as the Swedes continue along that line, the Soviet Union is going to use ruthless methods--submarine intrusions, for example--to tame Sweden. The argument in the Kremlin, according to Johansen, is that the sooner Sweden recognizes the Soviet Union's dominant position in the Baltic Sea, the better. The author says that consideration of Prime Minister Olof Palme's zone diplomacy can come later.

### Palme not Moscow's Man

"Palme is not Moscow's man, contrary to what is being claimed in the Swedish debate, in which personal attacks are becoming more and more prominent. The Soviet leaders know that Palme is ideologically anticomunist and that he seldom misses an opportunity to point out the Soviet system's shortcomings. But Palme is preferable to Sweden's opposition leaders because he is a source of irritation to the Americans," says Johansen.

### Logic of the People's Home

In his book, he coins the expression "logic of the People's Home" with special reference to Sweden. What he means is that the Swedes believe so readily that logic in Sweden is the same as logic in the Kremlin.

"They assume that the Soviet leaders approach security policy matters in the same way that would be considered natural in the ministries of foreign affairs and on the defense staffs in Stockholm, Oslo, and Copenhagen. The result is that they underestimate the geographic and historical perspective that governs the way in which Soviet leaders think and act."

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POLITICAL

AUSTRIA

## TRENDS, IMPORTANCE OF UPCOMING PRESIDENTIAL ELECTION

Zurich DIE WELTWOCHEN in German 6 Feb 86 p 10

[Article by Inge Santner: "Black Kurt or Red Kurt, That is the Question--The Austrian Presidential Election Will Set the Course of Domestic Politics for a Long Time"]

[Text] A number of things are sure. The name of the next Austrian president, for the first time, will be Kurt--Kurt Waldheim or Kurt Steyrer. He will be a robust man in his sixties. And with astute foresight he married a pretty "first lady" way back.

What is also sure is that he will be an estimable personage, not without faults but honorable, even honest (which is not necessarily a matter of course among politicians in Vienna these days), and certainly presentable internationally.

Just about everything else is up in the air at present, during the final phase of the hottest, and probably also most expensive, presidential election campaign in the history of the Second Republic. The vote on 4 May 1986, it happens, will not only determine who, as head of state, may move into the Hofburg, seat of emperors in the past, and stride through Maria Theresa's bedroom every day; it will also set the course of domestic politics for what may turn out to be a long time.

The Austrian president, one should be aware, cannot be compared to the Swiss. He is named by the people of the nation--to be more exact, by the 5.3 million citizens over 19 years of age--in a direct election, stays in power a full 6 years, acts as commander in chief of the Federal Army, and enjoys considerable power in a number of other ways. It is up to him to form and dismiss a government, to appoint all major persons of responsibility in public life, and to conclude state treaties with foreign countries. In addition he can issue emergency decrees and dissolve Parliament as well as provincial diets.

True, most of these rights do not take effect except in a crisis. Never since the end of World War II has a president dissolved Parliament, let alone ruled by emergency decree. Yet there are not many European heads of state with similarly ample powers.

What is more, there are an exceptional lot of things at stake in this presidential election for both major parties--the SPOe [Austrian Socialist Party]

in power and the OeVP [Austrian People's Party] in opposition. More urgently than ever before, each hopes that its candidate will win. The Socialists, who have furnished every president since 1951 and already count the highest public office among their very own fiefs, would like to overcome their present low with the help of another victory. If a Red conquers the Hofburg once again, they figure, his party will quite automatically appear to be in charge of the political scene. All of a sudden the scandals of the recent past, from A for Androsch to V for VOEST [United Austrian Iron and Steel Works], will be forgiven, and things will be going up again.

The People's Party people, on the other hand, who so far grotesquely have been unable to take any real advantage of the government's constant bad luck, hope that a conquest of the supreme post in the republican hierarchy will be the crucial signal for taking off. With a bourgeois in the Hofburg, they would have enough courage and will to fight to perhaps win the 1987 parliamentary elections as well and at long last, after 17 years, shed the hated role of opposition.

Highly motivated in this way, the SPOe and OeVP at an extremely early stage began their search for a suitable successor to the current president, Rudolf Kirchschlaeger, who has served two terms and, in accordance with the constitution, cannot be reelected again.

The People's Party was the first to come up with someone. In March 1985 already, it presented a candidate who surely is just about as well known among the public as can be--former UN Secretary General Kurt Waldheim, who, though he has not acquired Black party membership to date, "all his life has professed the Christian Weltanschauung and supported the socialogical objectives of the OeVP."

Only shortly thereafter the SPOe made its move. It opted for Health and Environment Minister Kurt Steyrer, a dyed-in-the-wool Socialist with a medical career whom, in the opinion of Minister of the Interior Karl Blecha, "simply everyone finds likable."

One can hardly deny that the two Kurts have a number of qualities in common. Waldheim (born 1918) and Steyrer (born 1920) are regarded as consensus politicians ready to trivialize ideological boundaries. Each describes himself as a "candidate for all Austrians." Both cling to the exemplar of Kirchschlaeger, who, though originally nominated by the SPOe, has administered his post to the full satisfaction of the OeVP as well.

The differences between Kurt and Kurt are incomparable more striking, however. Both in looks and in temperament it is hardly possible to imagine any greater contrast, and the contrast between their election campaign strategies has turned out to be correspondingly great.

#### A Dirty Fight Is Being Expected in Both Camps

On one side you have the discreet tall Waldheim. There always is something not reproachable about him. His friendliness does not radiate any warmth, his speeches lack spontaneity. WOCHENPRESSE calls him "a combination of conservative

thinking and perfectionism." Others praise his ability to bow forward and backward at the same time. His long diplomatic service (he was of course Austrian foreign minister before he joined the United Nations) has put its stamp on him, almost given him his identity. He would probably also maintain his composure at the moment the world comes to an end, reviewing quickly the relevant rules in the long since yellowed manual for officials of the Austro-Hungarian court.

The line of advance of the People's Army thus appeared to be almost predetermined. "Sir" Waldheim is to be marketed as a statesman who knows his way around in the world, as a prominent friend of prominent friends who can refurbish Austria's tarnished reputation abroad, as an untiring "peace general" of pragmatic acumen who wants to use his rich experience in the most complicated job in the world for the benefit of his country, because citizen of the world Waldheim after all has always also been a citizen of Vienna--or rather is "a citizen of Vienna who matured into a citizen of the world."

On the other side, you have the tanned gray-haired Steyrer, a smart man of society, a kind of slightly aged ski instructor, who likes to chat, and gladly dances even with the oldest women voters. His constant smile does not look quite frozen even after 12 hours have passed, and his doctor's voice, honed for decades to provide reassurance, arouses confidence. In short, Steyrer makes the impression of a man you can touch.

This is exactly how he is being marketed. Without pause he is sent out to "mix with the people," distributing red or white carnations and shaking hands (probably 300,000 of them by 4 May--an Austrian election campaign record). Whereas Waldheim preferably talks about foreign policy, he likes green subjects. He also apparently likes green photos--for example, those showing bare Steyrer legs taking a refreshing bath in mountain brooks. These really fit in superbly with the honorable title of "father of the environmental offensive" which SPOe strategists have given him with studied exaggeration.

As late as early fall of 1985, all Austria figured on an easy triumph by Waldheim. Opinion polls at the time gave the OeVP candidate a 17-percent lead. In the meantime the confrontation has become more dramatic, however. For some weeks, since he resigned his ministerial post to devote himself fully to the election campaign, Steyrer has made up a lot of ground. The gap is visibly closing, amounting now to no more than 5 to 8 percent.

Additional suspense is provided by two outsiders--the extreme right German-nationalist candidate Otto Srinzi and the Red forest land defender Freda Meissner-Blau. Though they do not have the slightest chance of victory, they might attract a lot of protest votes, thus perhaps forcing a runoff election.

So it certainly will not be boring between the Bodensee and the Neusiedlersee in the weeks to come. Realists in both major camps are probably right in expecting a dirty fight and a literally exhausting neck-and-neck race.

Whichever Kurt, the Black or the Red, is the first to reach the post in the end, chances are that the Austrians will get a somewhat battered president. It is just not possible to weather such an inordinately long election campaign without any injuries.

But what of it? They will heal soon. Kurt I will definitely have reason to rejoice. He will be sure of 6 years' almost submissive veneration, for as far as the Austrians, with their dogged respect for authority, are concerned, the head of state is not an ordinary human being, let alone an ordinary politician. He sits on his throne, a combination of stylite and ersatz emperor.

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POLITICAL

DENMARK

POLL SHOWS STRONG GAIN FOR PARTIES FAVORING EC REFORMS

Copenhagen BERLINGSKE TIDENDE in Danish 2 Feb 86 pp 1, 6

[Article by Carl Otto Brix; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Gallup poll that was conducted at the height of the "package debate" shows gains for the Conservatives, the Socialist People's Party [SF] and the Liberals and declines for all the other parties, which would put the Left-Socialists [VS] and the Progressives [FRP] below the cutoff limit for Folketing representation.

Disagreement in the Social Democratic Party over the EC package had a clear impact on the party's voter support level. In the Gallup opinion poll, conducted while the debate was at its highest point (between 16 and 28 January) support for the country's biggest party fell to around 30 percent, which is 1 1/2 percent lower than the party's support in the election and clearly below the figures the party has had in polls taken since 10 January 1984.

Gains were made by the Conservative Party, which has never been as strong as it is now, the Socialist People's Party and, surprisingly, the Liberal Party. The Liberals have been declining in the polls ever since the 1984 Folketing election.

There were declines for all other parties and two of the parties currently represented in Folketing, the Progressives and the Left-Socialists, fell below the 2 percent cutoff limit. According to the poll none of the parties that are entitled to nominate candidates but are not currently represented in Folketing received a rating above the 2 percent limit. Not even the Greens, who got a rating of more than 2 percent in one poll.

That would leave only seven parties with Folketing representation and if we try to evaluate the balance of strength between the government coalition parties and the Social Democrats plus SF, the two sides have equal levels of strength. The position of the Radical Liberals as the decisive factor in the balance is not affected in spite of the party's loss of support.

In the poll 7 percent of the respondents backed parties that did not get more than 2 percent and would not be entitled to representation. That makes the

seats "cheaper" for the other parties, giving the Social Democrats one more seat despite their decline. There is some unreliability attached to the distribution of seats for the 175 representatives elected in mainland Denmark.

Table 1. Distribution of Seats

<u>Party</u>	<u>Poll</u>	<u>Election</u>
Social Democrats	57	56
Radical Liberals	7	10
Conservatives	50	42
Socialist People's Party	27	21
Center-Democrats	5	8
Christian People's Party	4	5
Liberals	25	22
Left-Socialists	0	5
Progressives	0	6

Table 2. Political Index

Question: Which party would you vote for if we had a Folketing election tomorrow? Interview period: 16-28 January 1986. Answers in percentages.

<u>Party</u>	<u>10 Jan 1984</u>	<u>Sep 1985</u>	<u>Oct 1985</u>	<u>Nov 1985</u>	<u>Dec 1985</u>	<u>Jan 1986</u>
Social Democrats	31.6	33.0	30.9	33.4	32.5	30.1
Radical Liberals	5.5	4.1	4.8	4.6	4.2	4.0
Conservatives	23.4	26.2	25.2	24.8	24.0	26.4
Single-Tax Party	1.5	--	--	--	--	--
Socialist People's Party	11.5	11.9	13.2	13.8	15.1	14.6
Green Party	--	--	--	--	2.3	--
Humanist Party	--	--	--	--	--	--
Int. Socialist Workers Party	0.1	--	--	--	--	--
Communist Party	0.7	--	--	--	--	--
Marxist-Leninist Party	0.0	--	--	--	--	--
Center-Democrats	4.6	4.3	3.4	--	2.7	2.6
Christian People's Party	2.7	2.4	2.7	2.4	2.1	2.1
Liberals	12.1	10.8	11.1	12.8	11.9	13.2
Left-Socialists	2.7	2.3	2.9	2.6	2.6	--
Progressives	3.6	2.3	2.6	--	--	--
Other parties (with less than 2 percent support levels)	--	2.7	3.2	5.7	2.6	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

RAU'S FOREIGN POLICY TAKES SHAPE SLOWLY

Hamburg DIE ZEIT in German 14 Feb 86 p 3

[Article by Dieter Buhl, member of DIE ZEIT editorial board, datelined Washington, February: "Wuppertal is Omnipresent"]

[Text] What would have happened at that meeting if, instead of 30 minutes, the two gentlemen would have had several hours together? Ronald Reagan and Johannes Rau, two happy souls in politics, two generalists who like to tell jokes and collect stories--they would surely have had a wonderful time. Unfortunately there was no opportunity to explore their mental affinities. Protocol does not allow for intimate talks in the White House Oval Office. As the North Rhine-Westphalian minister president learned in past months, the same applies in the Kremlin, the Elysee Palace or Downing Street. He now knows that rituals at the highest level are both stricter and more strenuous than on inspection tours of North Rhine-Westphalia.

Possibly divining such difficulties, Johannes Rau had long managed to evade international affairs. Other than some of his brethren in office, the minister president preferred to stay in his own Land. Sticking to his home ground not only conformed to the priorities of the success oriented politician who dislikes taking his eyes off his voters. His home surroundings also met Rau's need for manifestations of loyalty and political security. Only in the past 3 years has he allowed outside winds to blow around him from time to time. His thirst for travel rose alongside the growth of his political ambitions.

Despite his increased activism far from the Rhine and the Ruhr, Rau continues to be an unknown quantity with regard to foreign affairs. How does he present himself abroad? What is he saying there? If he were chancellor, what kind of foreign policy would he pursue? Many voters still ask this question, feeling themselves confronted with riddles by the coming man of the SPD. His long years as a Land politician hardly provide adequate information; Duesseldorf is not concerned with foreign relations. His voice was rarely heard above the hubbub of the dissensions in his own party. That is also why the 2-3 kg papers compiled by the North Rhine-Westphalian Land Press Office to document Rau's foreign affairs competence provide few indications of his ideas on international matters.

Confronted with probing questions about this lack, Johannes Rau frankly admits that he does not like to argue abstract questions, far removed from concrete situations. In other words: Conceptions, especially in matters foreign affairs, are not his thing. From his standpoint, he himself is the program. He offers a politician who presents himself with unaffected joyousness and affability, who shows himself a visitor open to impressions rather than an arrogant statesman, who talks just as informally with world leaders as with local politicians, and who does not dance the diplomatic minuet. Regional newspapers describe this kind of behavior as "patriotic as well as open to the world at large," their headlines promising homeliness coupled with far sight. Johannes Rau seems sincerely to believe that Wuppertal is omnipresent. However far from his home town, he believes in humanism, reason and good will.

#### A Successful Colleague

Up to now "brother Johannes'" vision of the world has turned out correct. He has been very well treated and taken seriously on his visits abroad. A real man or a nice guy. It helps that politicians everywhere tend to realize that they are meeting a successful colleague who may have an interesting future beckoning. The congratulations by Mikhail Gorbachev, 4 months after his electoral triumph in North Rhine-Westphalia, is evidence of this respect just as Ronald Reagan's amicable invitation to the White House. Should someone somewhere utter some doubts about the domestic value of its candidate, Rau's team is ready to counter them. As it did last week in the State Department, it distributes the latest public opinion polls from the FRG, and the visitor is guaranteed respectful attention.

Traveling abroad, Rau relies on his charm and wit to lighten the conversational atmosphere. His hosts like him for the same reasons he is liked at home. Admittedly, his quick wit does not always elicit happy laughter. Local bystanders tend to smile rather sourly when he lets go of witticisms like his remarks about experiences with GDR restaurants: "Socialism is wonderful but not in terms of gastronomics," or finishing a toast in the German Embassy in now dry Moscow with the words "I therefore dare lift a glass of wine on extraterritorial soil." On the other hand, they are probably more impressed than annoyed by his quick repartee. His self-mockery also is gratefully acknowledged. Addressing an intelligent public in Washington, Rau deprecated his perfectly acceptable knowledge of English by saying "I hope that my English does not offend you." In that case he could certainly count on approval of his rhetorical courage as well as of his good humor.

Modesty is another asset in Rau's foreign affairs repertoire. He jokes that "I am aware of prestige only as a hair lotion." He likes to represent himself in other capitals as someone eager to learn and listen. He flirts with his lack of experience, though the foreign affairs education of the North Rhine-Westphalian minister president is proceeding apace. He obviously enjoys referring to his latest discoveries in the course of conversation. Anyone talking to Gorbachov about Israel, to Shimon Peres about Soviet Mideast policy and with Reagan about Gorbachev, is bound to acquire first hand insights. At

least he gets to know a few of the signposts in the maze of international politics.

Still, the change from father of his people to foreign affairs expert is far from complete. This is particularly evident in Rau's handling of key terms. What, for example, does he aim for in relations with the Eastern Bloc: a "security partnership," a "survival partnership," or--lately--"common security" ("...because, to my mind, the term partnership is too reminiscent of the realm of the family")? This uncertainty regarding concepts might easily be interpreted as shillyshallying. Undue caution, while consonant with Rau's needs for consensus, may easily earn him the reproach of being an opportunist--abroad as well as at home.

And yet, though often branded as a procrastinator, Rau is not slow to arrive at a decision whenever vital matters are involved. While he is unfailingly polite, foreign interlocutors soon learn that they are dealing with a man of principle. He may indeed be credited with living by the watchword he once spoke of in the eulogy for a late comrade: He had aimed "to bring about the coincidence of his actions and life with the moral principles of his political-pragmatic thought." In more simple terms: Rau intends to uphold decency, in his foreign policy too. Admittedly, he does not advertise this attitude in his foreign travels--in contrast to his recent advertising campaign at the beginning of the electoral battle. However, whenever he visits an Eastern Bloc country, he carries a long list of humanitarian cases and always seeks to make contact with the churches there; visiting Saudi Arabia, he firmly rejected the possibility of German weapons exports to the Mideast; speaking to conservatives in America, he excoriated and called cynical the toleration of poverty in wealthy countries; in Israel he did not harp on the fact of his youth. All in all, he presents himself the way he would like to be: A moralist in foreign affairs.

He has also shown steadfastness in delicate issues. A few days ago, for instance, he expressed agreement with the Federal President's call for the release of Rudolf Hess in--of all places--the New York head office of the American Jewish Congress. The reaction of his rather scared staff to the insistent questioning of the press was rather more revealing than anything he might have said himself: "For him, that is a question of humanity."

#### Polite and Insistent

Polite in his manners, insistent in a question of principle--that is the maxim the foreign affairs novice tries to uphold. He made it his watchword upon his much discussed visit to Moscow in 1981, when he crossed swords with Leonid Brezhnev. Rau's unequivocal affirmation of the counterarmament resolution was certainly less than welcome to the Kremlin boss. Nor did he arouse pleasure by his statement that the peace movement was fighting missiles in West and East. When, lastly, he refused to sign a communique drawn up by the Soviets, he had earned at least the journeyman's certificate as a foreign politician. Still, at that time Rau spoke in Moscow as an emissary, backed by the socialist-liberal Federal Government. He was able to act as ambassador with limited liability. Now he needs to take up a position of his own. The

voters, his party and foreign countries require him to submit original conceptions relating to foreign affairs. He needs to clean house following the vituperative debates which disrupted the SPD in recent years. He needs to straighten out the party line on foreign affairs; occasionally this had aroused undue hopes in the East and equally undue apprehension in the West.

At the present time, though, Johannes Rau's image of the world displays rather too many blank spots. Indeed, we may question whether he even recognizes the necessity of a foreign policy program. Someone trusting to inspiration and personal charm at home is in danger to be content to do the same abroad. The candidate certainly does not seem equally well prepared in all his foreign travel. Moreover, he does not have the foreign policy aides required in view of the variety of his tasks. This may be the explanation why he sometimes offers slogans in place of well prepared explanations.

As of now, Rau's foreign policy exists in outline only. However, that has been enough to remove many obscurities and earn the chancellor candidate a measure of trust. In Western chancelleries, in particular, his basic principle will always earn him approval: "There will be no...German uncertainties. Our approach must needs be self-assertion in freedom; this is the common approach of the free peoples of Europe." After many years of shifting attitudes in the ranks of the SPD, this affirmation acts like a balm on irritated sensibilities in the Alliance. This calming effect is further strengthened by the visitor adding (as lately in *LE MONDE*): "The Federal Government is in charge of defense, the major problems of domestic and foreign affairs, and in these fields it needs reliable and useful partners. The present behavior of the Greens does not meet this requirement."

Such clarifications are well received in Western Europe and, above all, in America. After all, for many years the most important Ally had considered the Social Democrats unreliable. The Americans saw nothing but red on red, discovering in social democracy a nest of neutralists and appeasers. The introductory visit by chancellor candidate Vogel, 3 years ago, marked the low point in relations between the Reagan Administration and the SPD. The icy reception accorded the uncomfortable visitor at the time shook even the outside observer. Now it was the turn of Johannes Rau, certified by his hosts to be a "man of the center," a "sensible politician," a "charming personality" and a "confidence inspiring figure," and who equably stood up to his interrogation by arch conservatives. The compliments offered in offices and think tanks therefore reinforce the expectation that the SPD's alleged anti-Americanism will no longer serve as a topic in the FRG election campaign.

Because Rau was friendly and sympathetic, even his disagreements left no scars. He was forgiven for his rejection of SDI, his urging for a zone free of chemical weapons, his call for a new detente, though none of it was approved. Misunderstandings and profound differences of opinion persist between American conservatives and German Social Democrats, but they will no longer obstruct a well considered exchange of thoughts. Rau largely softened up encrusted judgements and prejudices in Washington. With him in charge, the SPD can once again show its face there without difficulties.

Relations with the Soviet Union present a rather more delicate problem. Rau is not in favor of unduly intensive rapprochements between his party and Soviet partners and ideas. The Gorbachev proposal for the abolition of nuclear weapons? "It might help the disarmament talks, and that is not only the SPD's opinion but also that of the Federal Government." A Land partnership between North Rhine-Westphalia and the Russian SSR? The minister president rejects that. Getting rid of the military blocs in Europe? "The present alliances will persist for many more years." More cooperation between the SPD and the communists in the East? "We must not arouse the impression that contacts with the communist parties are as much a matter of course as those with socialist parties in Western Europe."

#### Sparing of Rhetoric

The caution governing the deputy SPD chairman's dealings with the Soviets was well displayed after his visit to the Kremlin last September. The news agency TASS had described his meeting with Gorbachev as "friendly." The guest thereupon had his press chief Mueller-Reinig proceed to a semantic exercise. As far as Rau was concerned, the meeting had proceeded "in a calm, matter of fact and correct manner."

Such semantic gyrations may not fit in with "brother Johannes'" jovial image, but there is method in them. Rau carefully weighs his words especially in the sharp eared medium of foreign affairs. This tends to disappoint those who expect a more courageous initiative and leaves those in the dark who would like to find out more. The candidate provided a prime example of sparing rhetoric in his programmatic domestic and foreign policy speech in Ahlen. The resplendent election balloon of the "second detente" shrank down to meager objectives. His interpretation of the intensification of trade relations between Western and Eastern Europe was most easily assimilated by his audience. After all, during his trips to the East, the Rhine-Westphalian head of government mainly and often successfully worked to get orders for his home Land's industry. His plea for increased West-East cultural exchanges sounded much less cogent. It is unlikely that the preservation of European cultural identity can be managed so easily across ideological frontiers. Lastly, his call for the reduction of Euro strategic weapons system had a decidedly skimpy air. Others wish for that, too. But how does he intend to achieve this difficult objective?

So far Johannes Rau has not appeared as a missile counter and jet thrust expert, nor can anyone expect him to do so. For the time being his attractive wife Christina remains the family's expert on strategy. She wrote her master's thesis at London's Kings College on "civil defense and the nuclear balance." Will her knowledge be helpful to the chancellor candidate? He could certainly use some conceptual underpinning for his defense political slogan "getting on with one another instead of arming ourselves." His watchword on alliance policy also will not quite do for the election campaign. Though "no discussion of the alliance but discussion within the alliance" sounds persuasive, the applicant for the chancellor's office will at some time or other be able to lead the discussion.

## Steering for the Center

Whether his party will follow him--that is another question entirely. Quite a few comrades must have been more than amazed to see him sitting peacefully with Reagan. Nor will his praise for the President's efforts at Geneva and his definite commitment to NATO arouse jubilation among all wings of the SPD. However, the candidate is backed by the party leadership with regard to the outlines of his foreign policy. If he wishes to keep his party together and the voters loyal, he will now have to keep steering for the center.

So far the SPD has kept quiet, whether by conviction or for tactical considerations will be seen at the latest after the election. The Federal Government alone accompanies the challenger's activities abroad with reproaches. Rau also is subjected to the accusation of carrying on "parallel foreign policy." But the reproach--rightfully--hits empty air. "Parallel foreign policy?", the accused asks ironically. "That would assume the existence of a foreign policy. Yet there is Genscher, there is Kohl, and there is Strauss." Since so many cooks are stirring the foreign affairs broth, one more is unlikely to spoil it.

Rau in fact cannot be reproached with anything yet. He has persuasively represented German interests abroad and cut a good figure on the international scene: Dignified but not stiff, witty but not superficial, patriotic but not provincial. He is certainly able to withstand comparison with world statesman Kohl. Even though he himself has trouble in describing his alternative to the Federal Republic's foreign policy, its outlines are discernible. Chancellor Rau would not allow an embarrassment like Bitburg to happen; his tact and good sense would have prevented it. As for FRG Eastern policy, he could more credibly affirm that the Federal Republic stands four-square in the West and is nevertheless willing to step across the ideological gulf. In relations with other statesmen, he could be expected to show greater flexibility and adroitness than Helmut Kohl.

Will his foreign policy successes harvest many votes? Social Democrat Rau needs to get over other and higher hurdles with respect to the voters, in particular in economic and social policy. It is reassuring to know, though, that the chancellor candidate of the SPD is well able to hold his own in the world. Just now this has been confirmed by an experienced connoisseur of foreign affairs. Arthur Burns, former U.S. Ambassador in Bonn, prophesied that "whatever happens at the elections, he will have an increasingly important role." As regards foreign affairs, Johann Rau may confidently look forward to greater challenges.

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POLITICAL

FINLAND

PAPER VIEWS POLL INDICATING SDP, MIDDLE PARTIES TIE IN 1987

Helsinki HUFVUDSTADSBLADET in Swedish 19 Jan 86 p 2

[Editorial by Bjorn Mansson: "Middle-SDP Tie"]

[Text] Support for the political parties as they face the May 1987 parliamentary election is discussed by Bjorn Mansson, based on three recent public opinion polls which show, among other things, that the battle between the middle parties and the Social Democrats over who will be the largest political bloc will result in a tie.

In the past two public opinion polls of support for the parties contributed to the political debate, and a third poll had been published the week before. All of the polls had been conducted during November and December, which makes comparison easier. The overall picture given by the three Gallup polls is of course more reliable than the picture a single poll can give. While for certain parties the results vary, sometimes widely, certain common trends can nevertheless be detected as well.

One such unremarkable trend is the left's continued decline. For the most part this can be ascribed to the People's Democrats (DFFF), whose support declines from the approximately 14 percent it enjoyed in the most recent parliamentary and municipal elections to a current rate of approximately 11.5 percent.

When projected to next year's parliamentary election and calculated in terms of seats, the loss should be even greater, given the fact that, to all appearances, there will be disunity going into the election. The Social Democrats come out better in the polls (25.6-26.4 percent), but here as well the trend is a somewhat declining one when compared with the 26.7 percent in the last parliamentary election.

Overall support for the parties of the left is now in the vicinity of 37-38 percent, the lowest level in Scandinavia and one of the lowest in all of Western Europe. Comparison should be made not only with the approximately 41 percent level of support seen in the 1983 election but also with the fact that just 20 years ago, in the 1966 parliamentary election, the left had a majority of voters behind it, albeit a bare majority! Times have certainly changed...

When the DFFF/FKP split is considered, little else is really needed for the left's one-third minority (i.e. at least 67 seats in Parliament) to be in danger. The big question will be what those voters who abandon the DFFF will turn towards in the election itself. One of the polls now points to the expected swing to the SDP, and it is possible that the left's overall strength can to some degree be so saved. On the other hand, the question is whether, after the election, with two contending communist groups in Parliament, there will any longer be something even fairly uniform as "the left" which can be counted on.

Next to the question of the left's overall strength, interest in the size of the parliamentary election will be concentrated on the battle between the Social Democrats and the middle parties to be the largest political grouping. Two of the recent polls give a decided advantage over the SDP to the new middle bloc (Center, Liberals, SFP, [Swedish People's Party] and the Christian League), while the third has SDP maintaining its current position as the largest and most attractive. This battle can therefore be expected to produce a dead heat, and the result, when calculated in seats, will obviously be wholly determined by how comprehensive the middle parties' cooperation in an electoral alliance becomes.

Among the individual center parties, the Center exhibits widely differing figures (all the way from slightly more than 16 to over 18 percent) as compared with 16.6 percent in the 1983 parliamentary election and 18.9 percent in the middle will remain and fall with the Center's Party's.

In all three polls SFP receives a higher result (4.8 to 5.4 percent) than the previous parliamentary election's 4.6. On the other hand, it should always be kept in mind that public opinion polls are the least reliable where smaller parties are concerned. The most likely conclusion is that the party's position will remain the same, with a chance for a gain.

Also remarkably stable is the Christian Union's support of about 3 percent. An interesting detail is that two Gallup polls measured the Liberal's support separately from the Center's, and that in both the Liberal Party (LFP) is offered a certain increase in popular support: 1.7 percent as against one percent for the Center in the two most recent elections. Naturally in this case the previously mentioned caveat regarding smaller parties applies to an even greater extent, but the possibility that the LFP's regained independence showed up in the polls cannot be precluded.

Support for the Conservative Party now runs between about 21.5 and something close to 24 percent, which does not permit any conclusions, when compared to 22.1 and 22.9 percent respectively in the two most recent elections. At the very most, it is possible to speak of a slack conservative wind, but this wind had severely slackened even earlier.

Typically enough, the greatest variation show up in the three public opinion polls for the Rural Party and for the Greens. While the figures for the FLP range between 5.3 and 9.1, and those for the Greens between 4.3 and 6.6 (in the latter set of figures, however, "other" groups are included), strictly

speaking these numbers show only that support for the two groups cannot be measured in the context of a Gallup opinion poll.

But the figures can also be read as proof of the theory advanced by political scientists and electoral analysts about an increased number of uncertain and so-called fluid votes who "prosper" in precisely those ideologically somewhat diffuse areas around Vennamo and the Greens. While the electoral success of the Rural Party a year from now remains a mystery, it is nevertheless clear that the Greens should be able to look forward to a handful of seats in Parliament, assuming that they succeed in running sufficiently credible candidates in enough electoral districts.

Interpretations of this sort may be made based on these three recent Gallup poll results. Another matter is that there are obviously at least as many interpretations as there are parties, for example. And, as we know, public opinion polls are no electoral returns.

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POLITICAL

FINLAND

## FUNDAMENTAL SOCIETAL CHANGES BEHIND NEW WIND IN POLITICS

Stockholm SVENSKA DAGBLADET in Swedish 1 Feb 86 p 2

[Commentary by Max Jacobson: "Winds of Change in Finland"]

[Text] Although nearly 1 and 1/2 years remain before the next parliamentary election in Finland, a lively debate is already underway there concerning the changes that can be expected and their effects on political life. Following a lengthy and extremely stable period, there is now speculation about the possibility that Finnish politics is heading into a more unsettled phase.

The fact that the Finnish Communist Party is splitting up and weakening is a clearly perceptible change in itself. The party has split apart irreversibly. Because of the way the election system works in Finland, this means that if the Communists present two lists of candidates, they will wind up with fewer representatives than if they had shared a single list. This will happen even if the number of their voters remains the same as before. The reformist majority group will have fewer than 20 of the total of 200 seats in Parliament, and the orthodox minority group is expected to become a miniparty with only a few representatives.

So why is the Soviet Union supporting an exceedingly small minority group so demonstratively and with all its authority? The explanation does not lie in Finland's parliamentary situation. It must be sought within the international communist movement. The CPSU has also been supporting the orthodox groups in Spain, France, and Italy even though it is aware that they enjoy less voter support than the so-called Eurocommunists. Moscow cannot accept Eurocommunism in one country without endangering the orthodox position in other countries and, ultimately, in the Soviet Union itself. Compared to guarding the unity of the international communist movement, the question of the number of communist seats in Finland's Parliament is obviously a trifle. From the Soviet Union's standpoint, a small but faithful communist party in Finland is better than a somewhat larger but unreliable party.

The reformist Finnish Communists are hoping indeed that party chief Gorbachev's pragmatic and flexible policy will eventually also influence the way in which relations with communist parties in other countries are handled. But so far there is no sign whatever that Gorbachev's reforms will be extended

to the ideological sector. If anything, ideological discipline is being tightened up at the same time that efforts are being made to make the economic system more effective.

In any case, the weakening of communism in Finland is a fact. At the same time, support for the Social Democrats seems to be standing still. The result is that the Left's combined representation is on the decline. According to public opinion polls, voter support has already dropped below 40 percent. If the present trend continues through the coming election, the Left will wind up with fewer seats in Parliament overall than it has ever had in the history of independent Finland.

So what will happen to coalition government, which Finland has traditionally tried to base on cooperation between the Center Party and the Social Democrats? When the 1987 election year rolls around, 50 years will have passed since that alliance between farmers and working people took control of the government. In some miraculous way, that alliance has stood firm through the decades, even though the Finland of today has only a few farmers left and even though the number of industrial workers in relation to total population is also shrinking.

If the so-called traditional nonsocialist parties--that is, the Conservative Party, the Center Party with the truncated Liberal Party it has absorbed, and the Swedish People's Party--win a majority, there will be stronger demands for the formation of a purely nonsocialist government after a 20-year break. But it would be a mistake to imagine that such a possibility arouses wholehearted enthusiasm in all nonsocialist circles or in the business community. Broad-based cooperation in government has obviously been beneficial to the country. It has been possible to keep public finances in check, and relatively sensible solutions in the labor market have been reached. Those gains could be jeopardized if the entire Left were in the opposition. Even many nonsocialists would probably feel that the best solution would be a coalition with participation by both the Conservative Party and the Social Democrats. It would then be up to those two parties to decide whether they want to take part in that kind of cooperation as what one could call minority shareholders.

In my opinion, however, the changes in the climate of public opinion are a more important phenomenon than the shifts in the balance of power among the parties. Finland is on the way toward quickly losing its isolated character among Europe's countries. Internationalization is extending its influence to all areas of life. Public opinion in Finland is easily carried along by general currents in West Europe: the debate over the South African issue is a recent example of this.

Working in the same direction are the developments now taking place in the field of communications. Cable television, satellite television, video, and local radio have already breached the state-run Finnish Broadcasting Corporation's monopoly position. The Finnish Broadcasting Corporation's management is now planning a third television channel in cooperation with the Commercial Television Corporation and Nokia, the private electronics firm. The Finnish Broadcasting Corporation's Social Democratic top management would

have found such an alliance with commercial interests unthinkable even a few years ago. And in the print media as well, developments are moving in the direction of greater decentralization in the dissemination of information: this is demonstrated above all by the sharply increased circulation of local newspapers.

The result of all this is that the trend of public opinion is more changeable and less predictable than before. It is becoming less and less possible for the politicians to control or direct it.

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POLITICAL

FINLAND

CP LIBERAL ORGAN, CONSERVATIVE PAPER ON COMMUNIST PROGRAM

Communist Paper Discusses Draft

Helsinki KANSAN UUTISET in Finnish 24 Jan 86 p 12

[Article by Unto Jarvinen: "New Platform Draft Makes Picture More Precise: SKP Is Finnish Communist Party"]

[Text] The direct participation of citizens and their opportunities to contribute are becoming more and more important in the development and replenishment of our country's representative democracy, it is emphasized in the recent platform draft of the Finnish Communist Party (SKP).

It is clearly confirmed and set forth in the platform draft that the SKP will develop as a popular movement and as a party of the masses, said Chairman Arvo Aalto on the occasion of the platform's publication yesterday at the Culture House in Helsinki.

"It is assumed that democracy can evolve into self-government. This platform draft advocates a deeper and richer concept of democracy than the platform of any other Finnish party," believed Chairman Arvo Aalto.

Chairman Aalto dismissed conjectures that the SKP was shunning its traditional intellectual points of departure and drawing closer to the viewpoints of the Social Democrats. It was claimed on this occasion that the connection with Marxist-Leninist principles is severed in the draft. "In fact, such a reference is even missing in the 1969 platform of principles," observed Aalto.

SKP's Roots

Aalto described the roots of SKP principles by saying that the new "platform draft lays the foundation for a debate--a debate which rests on the traditionally great ideas of Marx, Engels, and Lenin and the theory of scientific socialism they advanced as well as on the SKP's nearly 70 years of experience--on the open problems of our society and on the issues of our nation's future."

Why begin to overhaul the platform precisely now? "When I recently explained to the Central Committee the need to revise the platform, I found at least 20 different reasons," Aalto replied and continued:

"The world and our own country have been shaken by many very fundamental changes since the SKP platform of principles was approved in 1969. Today we can study the nature of war, primarily nuclear war, on the basis of much more explicit and unambiguous data than in 1969, and in the same manner we can define our concept of--and our attitude toward--the need to prevent nuclear war."

#### "We and the World in the Future"

As a sign of recent change, Aalto also mentioned that disturbance of the ecological balance is a more and more common phenomenon. "Nowadays we can study problems related to the balance between society and nature on the basis of much broader data than in 1969 as well as present our standpoints and our goals on the strength of recent findings."

For these reasons, too, according to Aalto, the line of thought expressed in the platform draft is dominated "more forcefully than in our party's earlier platforms" by an international outlook, an outlook which embraces the entire world.

"Based on an analysis and appraisal of the international situation, on the nature of nuclear war, on the dire poverty of underdeveloped countries, and on the need for balance between society and nature, the platform also sets goals for Finland's future."

And Aalto became more specific: "Our aim is to examine Finland and the world in terms of the future, not just burdened by the past. In the draft, the national outlook is also permeated by internationalism, by concern for the future of all mankind."

#### "Equality in Party Relations"

When the platform draft was published, suspicions were expressed that the SKP's relations with Western Europe had taken priority over those with the Communist Party of the Soviet Union.

"There is a change in this draft with respect to the 1969 platform: relations with fraternal parties, the CPSU, and West European parties as well as the tasks of internationalism are examined as decidedly more far-reaching issues," said Aalto in response to inquiries. "At the same time, relations with the CPSU and West European fraternal parties are defined more precisely than in previous platforms."

Relations between the SKP and the CPSU have a rich history. The SKP is working to improve cooperation with the CPSU and other socialist fraternal parties, it says in the platform draft.

The principles of interparty cooperation are defined as equality and sovereign independence of each party, noninterference in the internal affairs of other parties, and respect for the individual path which each party freely chooses. These principles were also endorsed in a communique issued at a 1976 meeting of communist parties in Berlin.

## West European Fraternal Parties

"The SKP is a Finnish--not a Eurocommunist--party," Aalto emphasized yesterday. "The SKP leadership considers it a sign of expanded international activity, not Eurocommunism, that the West European communist parties which operate in similar social circumstances are seen as natural and intimate collaborators with the SKP. The SKP considers it important to exchange ideas and strengthen cooperation with these parties."

Chairman Aalto justified the platform's expanded and "dominant" international outlook by pointing out that it has an immediate impact "not only on our attitudes and our line of thought but also on our practical politics." The first time he had an opportunity to take the floor, Aalto characterized internationalism thus:

"In this draft, the internationalist starting point of Finnish communists is set forth more meticulously and more comprehensively than in earlier platforms. The party does not reject proletarian internationalism, the international solidarity of working people."

"On the contrary, the party finds that in the struggle for peace, in the preservation of ecological balance, and in assistance to developing nations an international solidarity is needed which stands above class interests and which arises from genuine humanism in order to safeguard the existence of mankind. Our international thinking and activity take on new dimensions," observed Aalto.

## SKP and Ownership

Development of the SKP as a party of the masses and confirmation of the nature of the party's "popular movement" are set forth in the platform draft. "In this connection, a more significant and more distinct viewpoint--one which takes human beings and their problems as its starting point--is adopted toward the way the state makes decisions and wields power.

"Placing the banks, insurance companies, and major business enterprises under society's surveillance is the precondition for a national economy which rests on democratic planning, but social and private ownership--as well as ownership by the state--receives considerable emphasis in the draft," argued Aalto.

It was then suspected that Aalto avoided the issue of economic power.

The task of the platform work group has been directed by Chairman Arvo Aalto. Members of the work group were assistant professor Raimo Blom, assistant professor Lars D. Eriksson, Marja Jarvela, chief trustee Pertti Kadenius, regional planner Markku Kauppinen, editor-in-chief Erkki Kauppila, parliamentary representative Arvo Kemppainen, general secretary Reijo Kakela, chairman Rauno Merisaari, editor-in-chief Yrjo Rautio, assistant principal Tutta Tallgren, SKP deputy chairman and chief planner Helja Tammisola, parliamentary representative Seppo Toivainen, and secretary Matti Hokkanen. Toivainen has disavowed the work group's output.

### Conservative Paper Discusses Draft

Helsinki UUSI SUOMI in Finnish 28 Jan 86 p 2

[Commentary by Jyrki Vesikansa: "SKP's Theology"]

[Text] The way the communists' platform was prepared reminds me of religious disputes. As everyone knows, the churches are still bickering over the interpretation of the Trinity by the Council of Nicaea, which was held in the fourth century. The squabbling by SKP participants over reference to various mentors and catchwords in the new party platform has similar features. That is why theology is also needed in the preparation of a platform by Aalto and his disciples.

The SKP is honest when it mentions Marx, Engels, and Lenin only as eminent thinkers, not infallible prophets. The bourgeoisie also concedes that Marx furthered science when he stressed the significance of production forces in growth or that Lenin formulated an effective organization theory.

From a beginning like this, someone might imagine that I am echoing Finnish Social Democrat Aimo Kairamo, who said that by and large he could endorse the SKP's new platform draft. A statement of this kind in UUSI SUOMI would, of course, upset Arvo Aalto and delight Taisto Sinisalo.

Not that the platform contains many kinds of beautiful things, however. He who has the strength to wade through the draft--it fills five pages of KANSAN UUTISET--encounters very familiar statements for the most part. Mankind's progress, accordingly, rests on the class struggle. The capitalist snatches the surplus value from the workers' pay. The only reason for the world wars was capitalism's battle for markets and raw materials; the Nonaggression Pact of August 1939 was no more in the background than overintense national feelings. And so forth.

It is acknowledged, to be sure, that "our culture's splendid achievements and enormous intellectual and physical resources have largely been produced when the capitalist form of society held sway." The latter has offered "human beings better conditions for consciously controlling their lives than...ever before."

An entire chapter is nevertheless devoted to capitalism's continuing crisis: after all, it has lasted about 140 years if, for example, the "Communist Manifesto" is taken as the starting point. "The continuance of capitalism, despite crises, attests to its staying power," one is still compelled to admit. The self-criticism mentioned at the beginning of the draft did not lead to a discussion of the problems of a socialist economy.

All in all, SKP veterans may find the draft's text very familiar. The stock phrases are in their places: capitalism is collapsing, the Social Democrats are rejecting the working class, etc.

There are changes, however, even though they are concealed in the spaces between the traditional babble.

Among other things, a different appraisal of growth potential distinguishes the SKP draft from the ongoing debate over the CPSU platform. People in the Soviet Union still believe in the continuation of old growth and in the eventual passage into communism, where everyone receives his earthly goods in accordance with his needs, not his work contribution. Even in the Soviet Union, to be sure, it is added that first you must breed a communist man who does not demand the impossible. The SKP is approaching the Greenpeace movement in its pessimism about growth.

But the most fundamental difference concerns tactics. Development of a party of disciplined cadres was Lenin's most significant addition to Marxist tradition. The SKP is now backsliding in the direction of a reformist social democratic party of the masses.

Accordingly, "dictatorship of the proletariat" is not in the text, not even under the code name "workers' power," nor does the SKP declare itself the vanguard of class-conscious workers which knows better than others, including the majority, what to do. The SKP is "revolutionary," but the nature and methods of that revolution are not made fully clear.

Reference is made to the communist parties of Western Europe, but before that emphasis is placed on solidarity with the CPSU, which is said to have been practiced during the entire period of the SKP's existence. Was there solidarity when Kullervo Manner and Edvard Gylling, the greatest leaders of the SKP's initial stage, vanished into thin air during the purges of the 1930s?

The concept of Marxism-Leninism is not in the platform, but it is not in the earlier versions, either, from what I have heard. Is it the same issue which afflicts the Conservative Party, from whose platform no one has been able to eliminate the concepts of home, religion, and fatherland because in that form they have not been in any party platform?

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POLITICAL

FINLAND

FINLAND RAISING PROFILE IN SOUTHERN AFRICA

Helsinki HUVUDSTADSBLADET in Swedish 30 Jan 86 p 13

[Commentary by Rafael Paro: "Finland Raises Profile in Africa"]

[Text] On Wednesday the 5 Nordic countries and the 9 SADCC countries in southern Africa signed a joint declaration on expanded economic and cultural cooperation in Harare.

Foreign Minister Paavo Vayrynen signed the document on behalf of Finland and in a brief statement emphasized that the expanded cooperation which the declaration implies is a contribution to North-South dialogue in a wider sense. The aim is more equitable economic cooperation between the northern and the southern hemispheres.

Vayrynen went to point out that the political dimensions of this cooperation are obvious. Vulnerability, where aggression by the Republic of South Africa is concerned, and efforts to destabilize the region have been the primary reason for strengthening cooperation between the SADCC countries and for strengthening the member countries' independence as well.

The joint declaration is quite in line with the policies of the Nordic countries of opposing the policy of apartheid in South Africa and of the working for the complete independence of Namibia.

The declaration is identical to the Nordic trade program which Nordic foreign ministers approved last October.

The present situation in southern Africa is marked by South Africa's aggression and current economic difficulties for the SADCC countries, making this cooperation even more urgent, Vayrynen stressed.

EEC Backing Too

Aid from the Nordic countries to the SADCC countries (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) is already considerable. Now that several projects will be developed on a clearly regional basis, aid will also increase somewhat. But above all else it is hoped that Nordic aid money can have an even greater effect.

The Nordic countries are not the only ones to have decided to back the regional cooperation for which SADCC stands. On Tuesday a memorandum between SADCC and the EEC Commission was signed here in Harare. In this memorandum policy guidelines are drawn up for the means which the EEC will make available for the period 1986-1990 within the framework of the third Lome convention. The sum involved amounts to just a bit over one-half billion Finnish marks and is intended for projects of purely regional importance.

In addition the EEC provides aid to individual countries. Furthermore the bilateral aid which goes directly from EEC countries to some SADCC countries should be noted. If one ignores bilateral aid, in 1980-1985 the EEC put more than 5 billion Finish marks at the disposal of the 9 SADCC countries in the form of grants and credits.

#### Amount Open

On Wednesday the Nordic countries did not provide precise information about how much aid funding was ready to be put into the hopper.

Nevertheless, according the Vayrynen, Finland's share over the next three years will amount to approximately 800 million marks. Included in this figure are bilateral projects as well as special regional projects within the SADCC framework.

The largest Finnish investment within the SADCC framework is directed especially at the region's communication, harbors, roads, railroads, telecommunications, air fields, etc.

In this context two corridors are being discussed, the first from the Mozambican harbor of Bevia and the second from the harbor of Dar es Salaam in Tanzania. By expanding and modernizing the harbors, the handling of goods is improved, and so the roads and railroads leading to the landlocked states, thereby lessening their dependency on South African harbors and railroads.

Finnish investment is concentrated on the port at Dar es Salaam and the port at Nacala in Mozambique. From the port at Nacala a railroad runs to Malawi and is the country's natural export and import harbor. The harbor is the only one in East Africa which does not have to be dredged at regular intervals. France, Portugal and Canada have committed themselves to restoring the railroad.

In Lesotho, Finland has helped supply the Maseru air field with lighting. For this project a total of 20 million marks will be spent.

Lastly Finnish backing through assistance on all the planning of the transport and communications structure in the SADCC region may be mentioned. A special commission is working on this planning in Maputo, the capital of Mozambique; Swedish experts are coordinating the planning.

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POLITICAL

FINLAND

PAPERS VIEW KOIVISTO'S PROPOSALS FOR STRONGER PARLIAMENT

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 86 p 13

[Editorial Roundup: "Presidential Powers"]

[Text] At the request of President Mauno Koivisto, the Ministry of Justice is currently studying the possibility of amending the Constitution in such a way that the president would clearly be denied the right to dismiss a government which--or a minister who--enjoys the confidence of Parliament. Koivisto supports the constitutional amendment, but the Ministry of Justice is wavering between two opinions.

In the view of the Center Party's SAVON SANOMAT, which is published in Kuopio, the president is quite correct in principle. "If the government or one of its ministers enjoys the confidence of the majority in Parliament, that should be enough. The amendment would strengthen the power of Parliament."

The independent ETELA-SUOMEN SANOMAT, which is published in Lahti, believes that this viewpoint is premature. "Let us hope that no one turns it into a question of prestige and that people are able to ponder the issue--accepting it or rejecting it--objectively, intelligently, and above all while taking into account the country's important interests."

The Conservative Party's Pori-based Satakunnan KANSA states that Koivisto's motives, at least, are above suspicion. "It would have been different if he wanted to increase presidential power." The newspaper points out that "our Constitution is so wisely written that it bends when necessary and makes it possible to function in troublesome situations, too. The distribution of power is also slightly and carefully poised in the president's favor."

12327  
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POLITICAL

FINLAND

PAPER COMMENTS ON CONCERN OVER MIXING MORALS IN FOREIGN POLICY

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 86 p 13

[Editorial Roundup: "Not Change But Development"]

[Text] In a letter he sent to UUSI SUOMI from Africa, Foreign Affairs Minister Paavo Vayrynen has replied to criticism by Max Jakobson according to which Finland's foreign policy line has changed on human rights issues. Jakobson was worried about the growing emphasis on morality in Finnish foreign policy.

Vayrynen denies that Finland's line has changed in its attitude toward human rights. In his opinion, it has "developed within the framework of our overall foreign policy.

"But it is true that in certain other respects public opinion is moving in a dangerous direction. This can become a problem if we do not pay attention to and perceive the issue," writes Vayrynen, who in this connection refers to the labor unions' recent activity, among other things.

According to Vayrynen, the emphasis on human rights issues has grown in international politics, and since Finland has been a Nordic member of the UN Human Rights Commission, people in Finland have shown particular concern for a course of action on these issues in recent years.

Moral Blinders

UUSI SUOMI editor and columnist Jaakko Okker also responds to Jakobson:

"Jakobson himself does not want to join the climate of opinion of those countries whose security policy is different from ours. Hence he talks about the 'basic interests of our security policy' by which he means relations between Finland and the Soviet Union.

"In plain Finnish, Jakobson's int may mean that if we so much as criticize the human rights policy of the Kabul government, then Moscow will get mad and the basic interests of our security policy will be endangered.

"To continue this train of thought is nearly tantamount to saying that peaceful coexistence between states which differ in their social systems presumes that

the weaker party renounces its own climate of opinion, its own information practice, and usually its own system.

"Or that Finland's new foreign policy--of which Jakobson himself is one of the molders--has failed so miserably that it is necessary to acquire the moral blinders together with which saddle, whip, and spurs go nicely."

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POLITICAL

ICELAND

GOVERNMENT TURNS DOWN SOVIET REQUEST FOR GEOLOGY RESEARCH

Reykjavik MORGUNBLADID in Icelandic 21 Jan 86 p 29

[Article: "Research Permit Revoked: The Soviets Wanted to Research Near Reykjanes [Peninsula] and Stokksnes"]

[Text] The Foreign Ministry has refused a Soviet research institute a permit to perform research of the crust of the earth off the south coast of the country which the institute intended to do in cooperation with the National Energy Authority. Minister Counselor Hjalmar W. Hannesson of the Foreign Ministry said that the request showed the Soviets' interest in sensitive areas off the south coast, for example, south of Reykjanes [Peninsula] and in the vicinity of the Stokksnesgrunnur.

The Soviets contacted the National Energy Authority directly; not the proper authority in the country, and Hannesson said that the case had therefore developed in an unusual manner. He said that the Foreign Ministry staff had then heard about these research plans by coincidence at the end of December and obtained documents concerning the plans from the National Research Council after the turn of the year, among which were the request from the National Energy Authority for a research permit and maps and other communications between the Institute and the Soviets. According to the information from the Foreign Ministry, the research vessel is small but equipped with state of the art instruments. Hannesson said that the research was to have begun January 20 and therefore they not had much time to view the matter. Last Monday it was decided to refuse the permit for the research with reference to provisions of the Laws on Territorial Waters, Economic Zone and Continental Shelf from 1979 in which it is stated that an application for a research permit must be submitted 6 months in advance. In this connection, the National Research Council revoked a research permit last Friday which it had granted by mistake, according to Hannesson.

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POLITICAL

ICELAND

### INDEPENDENCE PARTY DEPUTY CHAIRMAN DOUBTS ELECTIONS IN 1986

Reykjavik MORGUNBLADID in Icelandic 10 Feb 86 p 12

[Op Ed Article by Independence Party Deputy Chairman Fridrik Sophusson: "Tempest in a Teapot. Reflection on the Government Coalition Cooperation at the Beginning of the Year"]

[Text] "In my opinion, there are few indications that there will be parliamentary elections this year. The TIMINN [Progressive Party Organ] attacks on the Independence Party and its individual leaders are, of course, only a tempest in a teapot. But at the same time, the Progressive Party is indicating that it is prepared to change dancing partners in the next round."

On Tuesday, January 14, MORGUNBLADID carried a commentary by 'Staksteinar' about "untimely election tremors." It is stated in this commentary that it had not come forth in the New Year's articles by the political leaders that it was now time to dissolve parliament and call for new elections. "The only elections that the political parties should concentrate on at the moment are the local elections," says the 'Staksteinar' columnist.

In this same 'Staksteinar' commentary, interviews in DV are called to mind with Independence Party [S] Chairman Thorsteinn Palsson; Independence Party Youth Federation [SUS] Chairman Vilhjalmur Egilsson; Independence Party Labor Council Chairman Sigurdur Oskarsson; Thorunn Gestsdottir, chairman of the Women's Federation of the Independence Party; Pall Petursson, chairman of the parliamentary group of the Progressive Party; Unnur Stefansdottir, chairman of the Women's Federation of the Progressive Party and Finnur Ingolfsson, chairman of the Federation of Young Progressives [SUF].

Using quotes from interviews with these people, the 'Staksteinar' author draws the conclusion that there is "no election tremor among the spokesmen of the government parties," although Vilhjalmur Egilsson [SUS] has become impatient." In order to underscore this opinion, the 'Staksteinar' author concludes by turning it over to Alfred Thorsteinsson, chairman of the Reykjavik Progressive Party Association, with quotes from an interview with him in DV in which he says verbatim: "I feel that this nervousness that has entered the government cooperation reminds me of a tempest in a teapot. I think this has been created by Independence Party Deputy Chairman Fridrik Sophusson who would like to get a ministerial chair as did the chairman."

As both DV and MORGUNBLADID have published this interview with the chairman of the Reykjavik Progressive Party Association, and neither paper has seen fit to ask about my position on the matter, I feel that it is correct to relate how I have discussed the government cooperation at a meeting in Olafsfjordur, Sunday January 12 and at a Heimdallur [SUS] meeting in Reykjavik, January 13, or in other words during the two days prior to the 'Staksteinar' quote in the interview with the chairman of the Reykjavik Progressive Party Association.

#### TIMINN Editorial Writings

An old ghost in the Icelandic newspaper world, the TIMINN daily, was called from the death at the turn of the year when the NT [NEW TIMINN] folded and was buried in a heap of debts. Just before the Christmas recess, the parliamentarians of the leftist parties guaranteed considerable funds to their party organs from the Treasury. Their party organs can therefore continue to be published although the general public is not interested in buying them due to their contents. The first sponsor of the proposal for increased government support to the newspapers was Pall Petursson, chairman of the parliamentary group of the Progressive Party. And immediately after the turn of the year, the first issue of TIMINN, which is published by the Progressive Party and the Reykjavik Progressive Party Association, was published. Five of the six first editorials of TIMINN deal with politics. It is interesting to read the topic of the newspaper published by the Progressive Party.

The 4 January TIMINN editorial was called "Tourist Tax Hike." It is stated verbatim: "The increase of the tourist tax is a shortsighted measure. No geniuses are needed to see that it would have been better to lower the tax or abolish it completely. In fact, one would think that would have been more in keeping with the political views of the finance minister and the chairman of the Independence Party [Thorsteinn Palsson] but he now seems to be losing his political direction." And later: "Instead of increasing the airport tax, the finance minister should have lowered it or even provided more funds for a strong and powerful advertisement campaign for the country and the people as a place for tourists to visit. Instead of increasing the tax, the finance minister should have returned the 30 million kronur to the Iceland Tourist Board which will be cut from it in the Credit Budget." This is how TIMINN writes in its editorial about measures which the government parties are jointly responsible for. All Progressive Party parliamentarians voted for the tax hike.

In the next TIMINN editorial (7 January) which was called "Misuse of Power" it is stated verbatim: "It has been no secret that ever since this current government was formed, various powers within the Independence Party have planned a special ambush on the Icelandic Students' Loan Fund. The Progressives have been present to defend this and sometimes it has been difficult but they have, however, succeeded in preventing the Independence Party from implementing its plans to stage an all-out attack on the Fund in order to weaken it and make it unable to perform the important task which such a fund must perform in today's society....This is a political persecution, almost a political purge like takes place in the dictatorship countries...It is hard to believe that parliamentarians from other parties join in condemning

such a way of thinking." Here the Progressive Party parliamentarians are being egged on with just provocation against the minister of education. Progressives among reformist students have already answered the call and have begun cooperation with leftists. There is no mention of the fact that the parliamentarians from the Progressive Party sponsored the cuts of funds to the Loan Fund.

The following day, 8 January, the TIMINN editorial writer is still at it; he accuses the minister of education of offering bribes and says: "It is necessary that socialists be alert in this matter, especially the Progressives, who for so long have been in the forefront strengthening the Loan Fund."

The next day, 9 January, Reykjavik Mayor David Oddsson is attacked, for a change, for the dictatorial decision of the majority to have the Reykjavik city buses yellow "without asking the king or the priest." It is not mentioned which category Kristjan Benediktsson belongs to.

The following day, 10 January, the TIMINN editorial quotes a New Year's article by former Progressive Party Minister Ingvar Gislason under the heading: "Socialists to Stand Together." The editorial writer says, among other things: "Ingvar [Gislason] emphasizes that the strengthening of socialism is imperative for the nation and resistance against marketing ideology which is incorrectly called liberalism; that this strengthening is in fact the most imperative of all practical tasks in Icelandic politics...TIMINN seconds these words of Ingvar Gislason, member of parliament and former minister of education. It is necessary that those who do not believe blindly in the marketing ideology of the rightist powers, stand together in the struggle for the society they want to create." At the same time that the Progressive Party is in cooperation with the Independence Party, it becomes "imperative for the nation" and "the most important task of all practical tasks" to work against liberalism.

These examples from the editorial writings of TIMINN which the Progressive Party Association of Alfred Thorsteinsson publishes, are not picked at random but taken from five of the paper's first six editorials after it was called back from the death at the beginning of the year.

#### Progressive Party in Government Cooperation

For 15 years the Progressive Party has picked as its role in Icelandic politics to be in the government, no matter what. Some fatigue has been noticeable within the party with regard to this position and some young Progressives think that the time has come for the nation to give the Progressive Party a rest for a while; give it a rest from government coalition and send it to be retrained for at least one election term. The method the Progressive Party uses to constantly be in the government is simple. Sometime during the election term they change their argumentation. In government cooperation with the leftist parties they literally become liberal and in cooperation with the Independence Party socialism takes over after some time has passed from the forming of the government. Now that time has come again. The strengthening of socialism against liberalism is the most important matter

of interest according to the TIMINN order of the day. It is just this fickleness that is the reason why other parties rarely consider renewing the government cooperation with the Progressive Party.

SUS Chairman Vilhjalmur Egilsson says in an interview with DV that "the government should have looked for a new mandate long time ago and should do it." From my point of view, it is out of the question that the current government will as such look for a new mandate for the very reasons I just mentioned here above. Behind the scenes, the Progressive Party seems to have begun practicing the old party song: "Everything is Better than the Independence Party."

#### When Will Parliamentary Elections Take Place?

It is as clear as day that the government must get a firmer grip on economic management. Foreign debt has increased; the state treasury is run at a deficit and inflation is increasing. In order to tackle these two problems and strengthen the position of the industries, two things must take place simultaneously. On the one hand, we must make changes in the system by which state operations are run and thus reduce state expenditures. Investment cuts and "flat savings" do not suffice anymore as measures in these matters. On the other hand, the game rules in the credit market must be coordinated so that banks and the stock market competes in a natural competition. Greater relaxation in interest rate affairs strengthens savings; lowers the highest interest; eliminates usury; promotes investment profits and thus improves the standard of living.

In the coming months, it will come to light whether the Progressive Party is prepared to create conditions for balance in economic affairs based on these possibilities. At this stage of the game there is no reason to doubt the desire of the Progressive Party despite the TIMINN editorial writings. Therefore, in my opinion there are very few indications that there will be parliamentary elections this year. Probably the TIMINN attacks on the Independence Party and individual Independence Party leaders is only a tempest in a teapot. But at the same time, the Progressive Party is indicating that it is prepared to exchange dancing partners in the next round.

If the Progressive Party, however, does not have any interest in achieving results in economic affairs, the Independence Party must review its position on the government cooperation. Such contemplations are not timely now any more than is weather news about a tempest in a teapot.

#### Local Elections

"The only elections that the political parties should be concerned about now are the local elections." I agree with these words of the 'Staksteinar' author. The position of the Independence Party is strong in local affairs. The Independence Party has always stressed as much local self-government as possible. The government managed to get the inflation considerable down in the beginning and by that ensured the value of the municipal source of revenue. As a continuation of that, the government ceased involvement with

the municipal service rates. Now the local governments alone have the right to decide on that.

Under the leadership of Mayor David Oddsson and the majority of Independence Party members in Reykjavik, it is possible to be optimistic. Victory assurance is, however, dangerous and may lead to carelessness. It can be heard still today far across Independence Party lines that the accident from 1978 must not repeat itself. Unsuccessful cooperation of the leftist parties during the last election term is a warning that should be heeded.

It is my hope and belief that in the local elections this coming spring, the Independence Party will win a victory that is based on the good work of the many Independence Party members who are in the local governments on behalf of the party all around the country and who have endeavored to strengthen and improve the conditions of the regions, each in his own locality. A good victory for the Independence Party in the local elections is not only feasible with regard to the regional interests but it also an encouragement to us who work in national affairs for the party to do better.

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POLITICAL

ITALY

#### FOREIGN MINISTRY FACES NEW CONCERNS

Rome LA REPUBBLICA in Italian 16 Jan 86 pp 1, 10

[Editorial by Sandro Viola: "The New Look of the Farnesina [Residence of the Italian Foreign Ministry]" ]

[Text] Maybe we are deceiving ourselves, but there is a chance that the long controversy over the government's foreign policy might produce some beneficial results. The controversy has helped clear the minds of political leaders and has helped public opinion to get closer to the real and specific problems of Italy's international behavior. Situations of this kind did not occur some years ago. Italy did not have a foreign policy; television newscasts were restricted to explaining other countries' foreign policies; and when a debate arose it was always about trivial differences in internal policy, or about "unimportant pronouncements" made by the Honorable Galloni or the Honorable Intini, or the editorials of the VOCE REPUBBLICANA.

At least this time the debate was about real facts which are everybody's concern. The security of the country; the economical interests around which our diplomatic action has to revolve; the clarity (and the objections) needed in dealing with our major ally; the origin of Middle Eastern terrorism; the dangers created in the Mediterranean by the presence of such a fiery and irresponsible agitator as Colonel Al-Qadhdhafi. Compared to so many vague debates, or false debates regarding the Italian political scene, compared to the unconcerned position in which we have lived for such a long time when faced with crises in areas where the country was directly involved, then the debates of the last few weeks represent a definite step forward.

It is true that a lot of confusion was created in the haste of debate. The Honorable De Mita, for instance, creates a lot of confusion when he maintains, with outrage, that there has been in these last few weeks "the tendency to make the most of the difficult problem, of international politics for the advantage of internal politics." Now, what does the Honorable De Mita mean? Every government who governs uses foreign policy "also" to create internal approval. If we would only list all the times when this has happened in other Western countries during the last 10 years, we would fill a whole newspaper page. As a matter of fact, we do not see why local public revenue laws can be used in internal policy discussions, but not security problems, the fight against terrorism, or relations with allies. To be sure, these issues can be

dangerously exploited. However, one cannot say that the Honorable Craxi's government has committed this kind of sin. There has been some showing-off, conceit, and superficial attitudes and words. But there has been no cynicism or exploiting.

What happened during the last few months is that after such a long time the Italian public opinion, pushed by a somewhat more dynamic foreign policy and by the wave of terrorism, became involved in a debate on how the country compares, acts, and exerts influence outside its own borders. There was a debate, at times even harsh, on problems which the Honorable De Mita calls (certainly not by accident) "the difficult problems of international policies." Is there anything wrong with that? We cannot see it. There was nothing wicked or dangerous in the country's approval of the Prime Minister's behavior in the Sigonella affair. There was, as a matter of fact, the public opinion's involvement and a judgment of approval.

The DC [Christian Democrat] secretary suspects that there is "an attempt on the part of some members to create maneuverability space for themselves on the emotional plane and to take advantage of this for internal reasons, if not for personal ones." As a matter of fact, the Honorable De Mita argues that "he who is in the know does not engage in pretentious polemics and does not play on emotions provided by international scenarios." The reasoning here is not very clear. However, it seems to mean two things. The first one is that "the difficult problems of international policies" are not the subject of general debates, but are confidential subjects. The second one is that "he who is in the know" has the duty to be more discreet and coherent.

The Honorable De Mita has never been prime minister and, therefore, we have no idea of how he would manage the foreign policy of his government. Maybe he would manage it with more coherency and discretion than the Honorable Craxi. But, what we do know almost too well is the management of foreign policy by the Christian Democrat presidencies that ran for years and years, in fact for decades. And there, to be sure, there were coherency and discretion of a particular nature: the coherency of inertia, discretion on nothing. Are those the models, the examples at which the secretary of the DC wants to point?

To be sure, the Craxi government has used foreign policy in order to define its image. This was done in order to point out the "personality" of this government, especially in its international behavior, its direction, and its energy, which were all so different from those in the past. Here is the reason for the "small Ostpolitik" [Eastern policy], the contacts, the reconnaissance, and the good offices in the Mediterranean area, the push in favor of the European Union in the last semester of the Italian presidency of the EC, not to mention the stand taken in the Sigonella affair, and the firm objection to the U.S. Administration's interference. It is not easy to judge these 2 and 1/2 years of foreign policy. Personally, it seems, to be positive as a whole. Others see it as flawed.

However, in the end the problem is not what grade the Craxi government should get in international affairs. The problem is something else. What are the

criticisms of Craxi's and Andreotti's foreign policies hiding, the accusations of incoherency, and exploitation hurled the other day by the secretary of the Christian Democrat Party? Is there a longing for how things were in the past at the time of Rumor, Malfatti, Medici, Forlani, or Fanfani? We most certainly hope not. Because things were going very badly in those times: our inertia, our dependency on the U.S. ally took on grotesque shapes. During the last few years, and for the first time, we have at least tried to have an outline of a foreign policy. And, if many mistakes were made, they happened because it was the "first time."

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POLITICAL

ITALY

SPECIAL SERIES ON FUTURE OF PCI

Rome LA REPUBBLICA in Italian 8, 9, 14, 17, 18 Jan 86

[8 Jan 86, p 7,8]

[Series of articles by Mino Fuccillo: "The Communists in the Year 2000"; first article: "Once There Was Berlinguer; A Morality for a Banner and a Fear of Standing Alone"]

[Text] One foot beyond the threshhold of the department, the other obstinately still on the sidewalk, half in and half out of the door and the party: for him at 26 communism means a state worthy of respect, a life without beggary, blackmail, and fraud, and few but certain rules of civil life. However, he almost does not believe them any more, the others, those inside sitting down, pretending to be awaiting tomorrow's end of the Camorras, big and little. They all live and survive at Battipaglia, on a cement-hard plain in the south, perhaps 10,000 families, and of these 2,000 live off public employment.

This other person is a few years older, his is one of the "new professions," he is in advertising in Milan, and for him communism means not living for career and success alone. The third works at Grugliasco, a short distance from Turin, in a factory that is the ultimate in technology. He is an operator, and for him communism means to produce, to decide together with management how to work and redistribute at least part of what was once called profit: "If Fiat triples its profits and pays us 900,000 lira a month, that is not balanced development."

In Reggio Emilia the fourth himself manages a large food company: "Produce, accumulate, and reinvest, also in services." This is how he interprets communism every day: it means the best method of creating wealth while all living a little better. The fifth lives in Padua, where the word communist still causes a slight shiver, he will be 20 years old, and describes his communism as: peace, environment, nonviolence, and sexual equality.

Two are in the Monti department in Rome, two public employees: one always and whatever the situation knocks off when his contract work shift is over, the other continues to work until his day's task is completed. Which of the two embodies the pattern of the "communist" worker? A debate with two voices then a choir, but no conclusion.

## First in School and in Life

The last person comes from Naples and directs a USL in Rome; see the waste and arrogance also in his ranks: 520 salaries for 150 beds. However, Amendola had taught him that communists are the "top of their class" in school and in life. And that is all he needs in the way of a rule. He does not get rich from his occupation, sometimes he provides free medical care at PCI Headquarters and sometimes elsewhere. The working class derives its "communist" morality from the books of the postwar period, whether or not real, and this does not change.

I traveled for weeks amid the words, the life and the ideas of those who in Italy today call themselves communists: from their minds if not their hearts the communism of the "future humanity" has departed. No longer class hegemony, no longer revolutionary contradiction between capital and labor, no longer a society of equals, and also gone are a good share of the enemies. The PCI remains, but it is something else: good sentiments, good sense, moral commitment, production, accumulation, rational redistribution, intelligent guidance of this world, and no longer the bulldozer of another era. Somewhat like a society that has experience well-being, freedom and boredom with the great ideals that never become history. Little matter what is its correct name, today this is the substance of communism in Italy.

Among communists I found the need and often the practice of a collective morality, I found hope in change, even more possible when more gradual, and finally I found the undisputed certainty of production as the key to all the doors. Improve, change, produce: this is the triad. However, in regard to the efforts of the PCI, one of the three is always limping because of default of the other two.

The party of the "moral issue," the party of Berlinguer and consciences, is nevertheless not inclined to "production." The real Communist Party, the one that clings like a decal to this society, does not tolerate the reins of rigid precepts. Perhaps on the right and the left, certainly it is the opposite in the party that goes to its Congress asking itself its personal characteristics. This is what the party is talking about and wants to talk about, even if it pretends to interpret the thousand nuances of the program government. The "doing" party may be numerically stronger, but if it wins it is afraid of suffocating from asphyxia of ideas. The party of "duties" cannot win, but it cannot die. Now, both are suffering: the Congress Theses have reflected both, but taken care not to choose between them. Thus, everyone satisfied and everyone unhappy.

"Is the bruised potato losing its skin, or not?": the question quietly stirs the circle of seats and stools arranged around the stove that smells but does not heat. Trastevere, a communist district of Rome: 364 membership cards among craftsmen, retirees, and artists, a hybrid of the middle class and people. Here the PCI reigns in the consciousness and Berlinguer is strongly missed. Here, politics is a means to feel worthy, to give a meaning to one's life and order to one's actions. A mini-assembly is underway, and also underway is a little-big struggle against today's enemy: the "fast food" that robs the localities and tradition, the rooms and the culture. A session thus

busy, with the duties posted on the walls, and handbills on the ground: rituals that seem not very dynamic, but are carried out with great dignity.

Elios Prado has had that card for 42 years, and has the look of someone who has seen too many in that party. Two adjectives for himself and for politics as it should be: "honest and respectful." Ettore Greco entered the PCI in 1979. At first he was afraid of the USSR, and now he is concerned because his "reliable" party "has lost the image of strict custodian of the general interests, conducts random struggles, and is no longer capable of standing alone, as Berlinguer did."

Lorenzo Magnolia became a communist when "Fidel entered Havana and we saw that whorehouse island become a nation." To him exploitation is "commercialization of behavior." Stortini Ornello is the secretary, a worker who has experienced injustice in the factories of the Tiburtina, but no longer condemns, he says: "Democracy is not slowness or inefficiency." Adriana Martino rouses others from the self-contemplation of their own purity: "Yes, we have clean hands, but what do we do with them?" But Paola Gabrielli, a teacher, does not want to shed her "diversity." "I work more than the others, my students are grateful for it, I work for the general interest, I pay for that, it is my life choice."

Thus, communism has become to some degree a philosophy of life, a moral class rather than a political one. And it was Berlinguer who gave an image for all this.

On the wooden shelf in poor condition there are a few books that are a caricature of a people's library, and in front of the volumes a pottery bust of Togliatti that looks like Pope John, there is not a single woman among those present this Sunday morning: these are the communists of Battipaglia. Diego Zicchitella, white-haired and confident: "Honesty and frankness." Claudio Castellano, employee: "We are the party of morality, the others are customers." Elio Rizzo, pharmacist: "All the parties are becoming the same, they are corrupting the state, and the PCI is left to protect, and it has not succeeded in convincing the people that the state is justice."

Mario Forlenza, a legal secretary, is coming from a long way, from his classical reading, but also ends up there, with the Mafia, the Camorra, the contracts. Enzo Grimaldi calls for a policy plan, then explains it and reduces it to "honesty." Oreste Pignatare, the young person, wants to explain: "There are interest groups to overcome." Honest and alone in this south, which identifies them with defeat, where "morality" serves the same functions as for their comrades in Rome, but is accompanied by resignation. Here, the communists are different from the society around them because they are, in good and bad, outside that society. They have never really been able to, or known how to, change anything, and they tell their beads of the great change. When everything seemed to be collapsing here, the communists concentrated on not losing their heads.

#### Work for the Children

They are talking, and it is the professor citing ancient texts and criticizing

the rules, false, of the economy. They wait, and it is the little old man who greets the journalist, mistaking him for the man come from Communist headquarters: "Come back more often from Rome, don't leave us alone, and you must tell us when work will come for our children." And this is also the party of Berlinguer, perhaps noble, but certainly a sterile testimony of what Battipaglia and the south should not be.

A thousand kilometers to the north, the cold nips the members coming down from the mountains around Turin, and the dawn of a "family day" outside the gates of Comau, the company that produces the machines for the famous Fiat automation. Families of blue-collar and white-collar employees outside the building. For 8 months there has been a dispute, they want to negotiate with management in order to produce better. These are the "modern" workers, in fact already technicians, in mentality and values if not in pay envelope. They criticize the PCI for being slow and different, rigid and old; here the party of Berlinguer is only a party that has turned within itself out of fear of the new.

Piero Suppini, fifth level, a delegate: "It has not helped it to have been too long regarded as different." Nello Moschini, employee, sixth level: "Here it is Fiat that creates the ideology, that sacrifices development; we are for productivity for the benefit of everyone." The PCI and CGIL caused us to take 10 years to realize that the blue-collar worker on the assembly line is not the umbilical of the world; we must be the party of labor, not of the blue-collar worker." They talk about Switzerland, and lament having a manager here who is not up to the situation, for their Romiti is obtuse, not ill-intentioned. They think about new investment sectors (tourism, environment) because they know, as Suppini says, that "technology does not permit return to the factory, that that is a lie." And Fabio Merloni, also, agrees with them, and he knew the Fiat of the 1950's: "There will always be the management, it must be efficient and controlled by the consensus." Franco Natalicchio, employee, department secretary in the plant, agrees. For him, socialism is something very close to the maximum just tax for everyone, an alliance of income producers, and everyone in the society in the position that is his due.

Then, unanimously: "We will always lose elections until we disprove this myth about being outsiders." Finally, for Berlinguer respect but not agreement. "No, here don't say: occupy Fiat, say: if we are occupied we will be with you." The memory is safe, but the policy has been rejected.

Milan, city that generates social democracy, and within the PCI internal geography, the party homeland of all who work: bankers, insurance people, and business consultants. "These and others, all the others, because the wealth of this city is tied to a mix of industry and trade, business and finance, and we must represent this mix." Luigi Corbani, the federation secretary, tells his view of communism: "Effort toward mediation and concreteness, more development and less ideology, more dialogue and fewer shutdowns. Yes, it is true: what we want, that is, an increase in production within social justice, is also wanted by other forces, one does not have to be communist. However, we communists want it more strongly and better, that is the difference." "Do you know what does not please me in the PCI, in my party? It does not please when they equate cultural styles with mass movements, I do not like it when

what someone thinks in his own house is equated with what the people really want."

Sirs, here policy is not at all a theory, it is the third Metro line, it is Linate airport, it is energy saving. The new man that should be born from communism is only a more rational and productive man. And how many difficulties, including election difficulties, have arisen from stressing the point that communists want to evangelize society.

Bologna, a city where the PCI in one generation has embraced economic prosperity. Giuseppe Argentesi is chairman of Edilter: 1,200 employees, 170 billion in annual turnover, a cooperative that is building everywhere. His father was interned in Ponza, and he was a "pioneer" with the red flag. "But today that world no longer exists. I, a communist, live in reality, I also talk about market commitments and restructuring, I think about profit and also development. And in regard to the PCI, I am concerned by its tendency to be a party of social witness more than one of managing things. It does not please me, I do not understand the divergency."

#### "Neither Chic nor Winner"

Comrades, here politics is turnover and social services, the new state and the new parties will follow, if necessary. But a party of those who engage in politics because that is the best way for a man to give evidence of his own existence, a party of redemption of consciences, the one that says to the others: we will never be equal, this party is a reemerging river.

This is echoed in a Milan drawing-room where Marina Ceravolo, an advertiser and communist, confesses with pride: "I feel I am a proletarian, I do not need to feel modern, I do not want to be either chic or a winner. I like the solidarity among simple people. To be communists one cannot be only practical. And this emerges again in the pride of the Emilia communists, who tell you about poor families and poor childhoods, and very hard struggles, and it reappears in the words of Argentesi, that affirm to one's surprise: "I do not accept the bourgeois way of life."

The party of Berlinguer is inscribed in the genetic code of these people, even though no one thinks any longer that the working class can and should govern society. The principle that the collective interest is something else than the sum of the individual interests appears ineradicable. At least until a Craxi is born also within the PCI. And then, different and isolated, or efficient but equal? With quite general regret, the body, the communist rank and file, warn that it is not the choice of Communist headquarters. The line is: go forward arm-in-arm with whomever will not pull you back, but always with consideration, as comrades.

[9 Jan 86, p 11]

[Second article: 'Friend Bettino, Yet I Hate You'; "Awaiting the Alliance that Will Come Tomorrow"; "The Party Rank and File Expresses Itself on the PSI"]

[Text] A plebiscite, or rather two: the first to say that Craxi Bettino is no

the "enemy," and the second to confirm that he is still the "bad." And this is the dual response of the communist rank and file. By this man who governs, also in spite of de Mita, the PCI has been first cudgeled and then seduced; it remembers the bruises on its body, but at any promise of future caresses loses its memory. The communists are afraid of Craxi, yet they seek him and await him with all kinds of gifts in hand. They think up occasions for new weddings with the PSI, and in the new house of the united left they are ready to give the socialists the best bed, the master suite and the seat of honor at the table. Even though everyone swears that the future spouse is certainly of dubious morality.

Yesterday's conflicts? "Our fault, we treated the socialists like dirt during the national solidarity." Today's battles? "Shuffling of feet, skirmishes, they are ending. You will see, you will see that Craxi Bettino is clever and will know enough not to do without us." The greater doubt that concerns them is that the PSI is a bit too "climbing" to carry out together the social and moral restoration of health, and there circulates widely among communists the faintest of certainties: "But that is not the whole PSI, you will see, you will see: there is the other PSI, the one of the left."

#### "Avoid Isolation"

Miracles of Santa Sigonella? Rather, exorcisms against solitude. Among the political commandments of the communists there is the rule to "avoid isolation," and among its 10-yearly practices has been that of winning a little more in each election. In 1985 it upset simultaneously both practices and rules: elections lost, and out of the councils, in the corner of the expendables.

Why did this happen? Half the party assigns the blame to Berlinguer, to his wall against the wall with Craxi. A Turin deputy explained to me fervently: "From the postwar period on, we always gained something in elections because we always appeared to the people as not an isolated party. People who voted for us knew that alone we could not do anything, but also knew that the others needed us to do anything. Then in the past 2 years..."

Half the party assigns the blame to Berlinguer's opponents, and regards the result of the referendum on the wage scale as more a result of internal boycott than the strength of the "no" vote. A communist journalist explains: "No mobilization, negotiations up to the very last moment, and one step forward and two back in regard to the significance to be assigned to the vote. We did not will to win that referendum."

The Theses for the Congress do not make a statement on this, however, since also in politics fear has supernatural significance; the version that the PCI loses when it is stubborn, when it isolates itself, always gains more backers. This means that the tactic and not the strategy was wrong: it appears to be a self-criticism and instead is a painless and miraculous potion. In order to heal the ills, all that is needed is to emerge from the corner, and to talk and dialogue with Craxi and his party. And if, in fact, you want to recall that it was Craxi who put the communists in the corner, then it must also be recalled that when Craxi did so he was small and naughty. Today he is growing up and becoming wise: don't you see--the PCI suggests--how prudently he is

acting on Star Wars and the Mediterranean? Those, and there are many, who are not displeased by "diversity" even at the cost of isolation, are shaking their heads but for now are swallowing it. What else could they offer a party needing achievements, almost to the point of inventing them?

The PCI is ready to applaud Craxi if he is willing to go to the Florence congress, and in the sections they are mentioning the name Formica with a wink ("He is one who knows"). Here they bandy the name of Ruffolo as proof that the PSI is that other thing, the one you will see.

And even in connection with some statement by Martelli they will nudge each other: "Don't you see? Soon you will see." The PCI is ready for a future election campaign conducted in the name of the PSI's right to be stronger, and the PCI is ready to do anything in its power to help Craxi achieve 15, 16 percent, or whatever he can. Today, the PCI is seduced against its will, and as for the possibility of being abandoned, better not to think about it.

They are ready to offer their hand, their sister and their house, even though the communists frankly hate this Craxi. Because he makes decisions in 5 minutes, because he does not answer anyone, because the PCI is convinced that he has with him all the opportunists in Italy, and because he is what the communists are afraid of having to become. They hate him because Craxi does not go all out for votes but for power. Because he is their "reverse" side, they condemn his inability to have moral principles that guide policy, and charge him with the capital sins: haughtiness, individualism, and making a face at the rules, the pacts, good taste and moderation. For communists who practice politics in the name of the universal, Craxi is the triumph of the "particular." Reason tells the PCI that it is wiser not to say anything more about "genetic mutation" of society. Instinct monotonously repeats to communists that Craxi is the founder of a new species, hostile, voracious, different.

This is how the PCI raises its anguish to the Nth power: it needs the PSI like air to breathe, but is afraid of losing its lungs. They say that the PSI is indispensable to make laws, councils, and governments. However, can reform of the society be carried out in company with the PSI? Better not to ask the communists: then they would have to decide whether or not Berlinguer was getting things confused when he talked about danger for democracy, or whether today the PCI was not deceiving itself when it joined the procession toward the Sigonella sanctuary.

#### Nth Power Anguish

Then we need to know what Craxi would do with his ultimate 15 percent or more: a shield against the DC, or to give the communists the sack again? The PCI resigns itself: it is better not to know, otherwise the night of isolation will return, automatically, and at the same time the problem of how to restore light without sitting there waiting until it comes.

The Theses declare that the PSI will be dealt with better than in the past. Are they prepared to make them communists? Right off, like a patient who goes on the operating table convinced that there is no alternative and thinking how

much he will have to suffer.

The communist-managers of Emilia are ready, in the name of the party of work, production and well-being. Cesare Baccarini, vice chairman of the Regional Cooperatives Association, is prepared to recognize that perhaps the PCI's program in another country might not necessarily be called communist, he is prepared to admit that the PCI contains too many advocates of catastrophism, is ready to recall Berlinguer's party as "an emphasis born of a particular moment." "Alright, there has been genetic mutation in the PSI, so? The PSI is this society."

Also ready is he who would once have been called the workers aristocracy, and who today from Turin regales the journalist with moderate expressions of "esteem and respect for the PSI." These workers explain that one should understand that someone who has 11 percent of the vote has to adapt a little. The leaders of the Milan party are ready for the new stage of alliances.

Somewhat less ready and somewhat more shy are other workers. those of Mirafiori, and along with them the intellectuals and poor in the south, the professionals in Rome, and also those in Milan. To these, the PSI remains a fount of corruption of political practices.

Excuse me, what do you think of Craxi and the PSI? This is how communists respond. "The PSI is not the devil, the struggle between us will end, we have a long road to travel together." This was stated by the secretary of Milan federation. "But I have not forgiven it for that hooting against Berlinguer at the PSI Congress. Craxi is cunning, he even knows how to shatter someone's dignity. I don't trust him." The sceptic is Massimo di Marco, a banker, who came to Milan from Sicily, studied at Bocconi in 1968, worked for the Left but already knew that the revolution was a trap, the workers had told him so. And further in Milan: "Craxi puts his own party ahead in everything, ahead of the nation and before democracy. However, he incarnates something that is in the head of the people." Giovanna Uberto, an insurance agent, does not see the devil in Craxi, but certainly the personification of political egoism.

Here we are in Turin, Mirafiori. "I no longer know what the PSI is. Certainly not a worker party." "No, with those people you cannot agree on anything, they will take you." "They have changed skins and position in society." "Better the DC, better the other parties."

Who is Craxi? We asked this question in Naples of two communist intellectuals, two university professors. "He is not the calm social democracy that he would like one to believe, he is the promoter of a clear plan in which modernization means the end of the First Republic."

What is the PSI today? "A power machine not anchored to any value." "A party that suffocates internal debate, and without rank and file." "A party that ignores the question of democracy." "A party enamored with the Reagan model." "An entity where many trades and businesses are conducted, but that is not the stuff of politics." From Bari to Padua, these are the replies of young people of the FCGI.

In the communist sections, from Rome to Calabria, the open accusation of socialist immorality is paired with certainty that the socialists will have to change. Sergio Palumbo, trade unionist. "I was active in the PSI, and I am in the habit of saying that I left without any improvement from a moral aspect." Anna Capecchi, librarian. "Craxi is a son of the Christian democratic system." But immediately the same people affirm: "Thus the PSI cannot last."

Now for what PCI deputies say: "Yes, it is true, he speaks frankly, unlike Galloni or RINASCITA, but he doesn't want the rest of the world to jump on him, that is unacceptable." "In 1976, we decreed the extinction of the PSI, then from the fury of blows we realized that it existed, and we hope that the PSI is not only Craxi." "Craxi wants the PCI to no longer be like it is. That is the condition it sets for allying with us. This does not appear possible to me." "But Craxism appears to be heading into crisis, and it lacks results."

#### "God Protect Us from Moralism"

It is the PCI managers talking: "We must escape from useless indignation, God protect us from moralism in dealings with the PSI." Perhaps it is true that the PSI is only a shop; lucky for us, if it also had values we would be destroyed." "After all, we cannot and should not go further with the DC. What is left is the PSI. Like it or not, this PSI."

The counterpoint continues and across all areas, involving all the feelings of the PCI. Realism impels the communist to conclude that the PSI is the only possible ally. However, is it realism--the communists ask themselves--to deduce from some fragment of a speech the possibility of an alliance? The analysis, the guiding conclusion of any thinking process by a communist, holds that Craxi can no longer remain in the five-party setup. But what kind of analysis is it--people in the party are asking--that regards as already exhausted the stimulus that led Craxi to expel the communists from the councils? One is waiting for De Martino's progeny, another for Bettino's new strategy. With half its brain the PCI regards the socialists as the ultimate product of a crisis of values, with the other half it studies techniques to govern with them, despite everything.

The result is a blending of private contempts and public diplomacies. Certainty that tomorrow things will go better with the PSI, regrets at the "exaggerations" of Berlinguer, for the "spite" applied against the socialists. Yet Craxi is "career, individualism and power." But Craxi is "a brake, while the PCI is an accelerator." "Craxi leads a band, while we are a mass party."

How it will turn out is to a large degree in the hands of Craxi himself. If he does not again slam the door in the face of the PCI, the communist leader group will follow him, prudently and consistently. At least until the rendering of accounts in the next legislative term. And the PCI rank and file will follow the leadership group, even if the head of the socialists is and remains "the bad one." One can do no less with the PSI, the Theses proclaim, and that will be true, but does Craxi want to do no less with the PCI?

[14 Jan 86 p 7]

[Third article: "Dear Politics, Goodbye, You Are No Longer My Life"; "From Disenchantment to Nostalgia, Those Are the Seven Sins of the PCI"]

[Text] Vices and virtues of the official who discovers that the party is not worth his private life, the intellectual who does not deny Lenin, and the manager who wants too much to be equal. And of the trade unionist who understands everything and can do little, the leader who takes refuge in the factory, and the professor who no longer trusts in militancy. And finally, the youth who comes from another world.

I found him in Palermo, with his suitcases already packed: he was not yet 30, and he was already saying goodbye as a PCI leader. Vincenzo De Luca entered the party in 1975: "I felt victory near, and at that time engaging in politics and living appeared to me as the same thing." He became a party official 3 years later, worked for 7 years in Italy, and was given regional responsibility for the cultural, information and school sector. "But now that I have decided to return to studying, the PCI remains for me the only hope for change, because politics is not life, I want books, travel, a private life." It is the little-big story of too many questions and only one answer.

Vincenzo told about an existence of meetings: "Ritual unanimity and always the same words." As a party official he knew the people, but then he became aware of no longer speaking the language of the men of flesh and blood. Increasingly, he was becoming a recorder, a cassette tape containing the "political line." "And today I believe that the PCI cannot advance with career officials. Someone serving as leader should have a work, a role in the society, before entering the organization. Otherwise he will end up thinking only about his advancement. His horizon will be limited to the party machine, and the so-called rank and file becomes aware of this, showing respect and diffidence."

"What kept me going for so many years? The idea of nevertheless being a part of history, of not working to steal votes in the elections. This enables one to endure very low salary and a wearisome suspicion of not being useful. But what you can no longer tolerate is when you feel you are an employee of politics. Then it is too much."

"Certainly I am still a communist, but you cannot be one 24 hours a day. Sacrifice and denial are not an objective to offer to young people. It was hard even when one could think that socialism was at the door; being communist now must mean living in a better way. Examples? The environment. Here and quickly. Peace, today. The quality of my life and everyone's."

"I am Packing My Bags But Not Transferring"

"Perhaps the Congress will succeed in ending a certain schizophrenia: one day we are discussing who we are and where we are going. The next day everything is resolved, the Lauro was enough to do it. And who knows whether it is enough to say that the PSI is the key to not having any more anguish. Perhaps they have become wise, and perhaps not. The day that I, I myself, organized

the demonstration outside the Comiso base I was happy. I was the doer, there was no difference between what I thought and what I was doing. Without the party this would be unrepeatable. I am and remain a communist, I am packing my bags, but I am not transferring."

Vincenzo: was this premature tiredness of youth or the instinctive wisdom of someone who knows that a party can no longer be a life? What is the "sin"? Disillusionment or bureaucracy?

He works in Florence, and he has the years, white hair, slow speech, and wide reading of a wise man. Cesare Loporini long ago found his reason for life, he has nothing to ask from the party. We talked about Craxi and Leopardi: doubtless his preferences, the one appears to him as an overemphasized topic, and the other a topic that is criminally neglected.

"I became a communist out of antifascism, from a liberal-socialist origin, to which I hold. In May of 1930 I was an antifascist in what I would call a somewhat snobbish way. I went voluntarily to hear a speech by Mussolini, the "disarmed prophets" speech. I heard it and thought about it: it took us to disaster. Before me I saw a bad Franciscan priest, fanatic and unrestrained. I decided that something needed to be done. However, 10 years later I left the PCI. I went to study under Heidegger. In 1933 there was the shock of his conversion to Nazism. No, don't smile: what brought me closer to Marxism was reading the "State and Revolution" of Lenin. Note that we were informed about what was happening in the USSR, but that book was and is liberational. And today I continue to think that that is the horizon: freedom of each as the condition for freedom of all."

"Today there is less utopia and less liberationism than I would like. But it is an open battlefield. It is a plus that the Marxisms are over with, the religion of the state has survived, but it has no believers. What really remains is capitalism, which, to pursue accumulation, is revolutionizing itself with technological innovation. And the fact remains that capitalism is not resolving the contradictions on the world scale, even though it is the dominant system."

"They say that we communists are losing the clearness as to who is the enemy; to me the enemy is whoever says that the world is completed with capitalism. And whoever says to the unemployed: trust in the market. And the apology that life is competition, and condemnation of the social state. Don't conclude that I do not see the new: the technicians, the new occupations. It is not at all that they think only about money and success. The uneasiness is widespread, they know very well what I am talking about when I end up explaining the commercialization of human relations."

"Craxi a danger? The danger is in the things: a weak Parliament, a triumphant party-ocracy. All this promotes authoritarian tendencies. However, it is our inefficient, archaic government, indifferent to the citizens, that generates creatures of instinct such as Craxi. The final thing you should know: I am communist for the same motives as 40 years ago."

The professor has done it: kept a unitary vision of the world of men, a coherent system to explain everything. Marx is dead, long live Marx, even though only a few remain to know him. A sin of superb nostalgia, or a virtue of courage to defy the thousand specialized and ultramodern sciences?

### Brokers

"But you know that we were the first party in Italy to concern ourselves with brokers?" I do not know whether Roberto Camagni, leader of the PCI communal group in Milan, was tiding over my hesitation. "You see, it always seems that we are the party of the wage scale; the professionals are not aware of our positions, those that concern them." I asked, and Camagni explained: "We are served by the willingness of the businessman to invest, and a management capable of evaluating the market. Then they can divide the shareholders, they can untax the investments and the reinvested profits." I ask: and all this to do what? "Good heavens, for development, which is the precondition for socialism." And the workers? "We have stated that the centrality of the workers is over; unfortunately we are still having difficulty behaving in consequence. I remind of the austerity; it was as if we wanted to dominate everyone."

Camagni is courteous and confident: for 10 years he was communal councillor, and for the past 10 years he has been managing a data communications firm that has been gaining steadily. Currently he is involved in getting the company on the stock market and in some decisions at Palazzo Marino. Who knows how he avoids getting confused. And whether his sin is excess of zeal in becoming equal and modern?

On the other hand, Carlo Ghezzi in Milan leads an enterprise with accounts in the red: the Camera del Lavoro. "We have been conducting the union like a hundred years ago, it is not progressing, cannot go ahead. The union should be bringing unity to the working world. It has failed in its objective, and the CGIL will raise the issue at the next congress." So, more of the same? And what if it fails again? "Once there were the big industrial conglomerates, and they all had the same occupational makeup. We took them on, we sometimes lost, but when we broke through the others came behind us. Today it is foolish to seek new battalions, there is no new army and there is not the dominant image. Thus, you either go to the corporations, or you are capable of performing analysis."

Fine, let's do analysis. "In 80 percent of the work places in Italy there is no union. It remains in the other 20 percent along with the crisis. Often we do not understand: more labor positions disappear through lack of innovation than for other reasons. In Milan: 40,000 metalworkers, 40,000 bank workers, and 100,000 blue-collar workers. But what labor world do we represent? We must put together the ENI researcher and the domestic worker from Cape Verde." Put them together, then. "It does not help to resist in regard to the wage scale, we defended it knowing that it was not succeeding, and we lost. Here, around this table, was born the 24th of March, the 700,000 of Rome. I don't disavow it, but let us not repeat the same thing with the social services. But I am something, what is the union? You see, when I achieve enterprise contracts, there is democracy involved. But what democracy is there in the

agreement that I have just made with Tognoli over the streetcar ticket? I was negotiating the streetcar ticket for nonusers, the rich, the very poor, the priest and the independent."

"Is there democracy in the union? There is as much as there was 10 or 20 years ago: the difference is that before there was a cake to be shared, and in the end we arrived at the agreement. Now the cake is finished, and we are discovering that there is no democracy. And thus I would like to say to the PCI, I want to ask Communist Headquarters: tell me what I must do here today, not 10 years hence in Europe."

An excellent diagnosis, but no therapy. At the union's bedside, Dr Ghezzi is committing the sin of lucid impotence.

Born at Cuneo, at 19 he gives the impression of having a head for doing something useful and is working as a bricklayer in Belice. There he became acquainted with politics. Then he was employed at the RIV, and entered a building with 800 where the name CGIL was the only swearword. One day the accountant Giffi came to him and said: tomorrow there is a strike, if the workmen come you will take a trip to Monte dei Cappuccini, stay there until 12, and then, if the workers have not gone, you also are free, with pay for the day. He chose to serve as trade unionist "because of the fault of the owners," because of the policy he continues to distrust since his days in Belice, and since when he had to go to work while others continued their studies.

#### Smell of Oil

Now Cesare Damiano is secretary of the Metalworkers Union of Piemonte. "You want to know what I think about capitalism? Nothing. I think about Fiat, about the smell of oil, about the speed of the lines, about crates that are too close, about the real factory. I do not know whether the software worker will assume the position of mass worker. That may happen, but the conflict will not disappear, the conflict about concrete things." He speaks with prudence, he does not claim that his establishment has any key to open tomorrow, but he is inflexible on the errors of others: the lack of support to Olivetti in the 1960's, thus leaving a strategic sector exposed, the living off private income in Fiat in the defeat inflicted on the union in 1980, and the fear of the Unione Industriali in Turin that the workers would elect their factory representatives.

He, also, detects the smell of mold in the union: "Today the Metalworkers Union official should be going out in his camper during the weekend to find the factories, and instead he stays shut up within the gates. Perhaps there is less ideology around, but work has not become any easier."

Did you tell Cipputi that ideology is finished? "They know it, just as they know that they talk a lot of nonsense around. Fiat has let go 50,000: 5,000 because of new technologies, and the others because of restructuring of the old. We submitted, we had no plan. Neither Lama nor the PCI had one. We all

thought that after the hard time had passed everything would return to calm. Therefore, we developed great strategies for control in the abstract. Without realizing that Romiti does not care about the 0.5 percent inflation, what matters is running the plant. Carniti dragged Lama with him. Now we are left with the possibility of verbal bargaining; if they take that away it is finished."

"Here it is Technocity and the lowest wages in Italy; this doesn't appear very modern to me: 850,000 a month seasoned with intransigence means that on the other side there is rage and ideology, something other than defending profits."

#### Alliances of Acronyms

Freddo is a professional, fully intent on building the small, self-sufficient world of the trade union. One can sin in many ways, even by modesty, also by declining to "know" why Romiti is the way he is, if he really is. One can also sin by disenchantment.

He teaches philosophy in Naples, joined the PCI in 1968, and it was no accident. Biagio De Giovanni dates from that time a new relationship between the PCI and society: cultural pluralism, realization of complexity, in short, the end of the party as a closed world. "Indeed, it is not by chance that a part of the leadership group is still reluctant. From 1968 on one could be communists without divisions; thinking about changing this society and working together internally were simultaneously possible." Is immediacy in politics a stage that is already ended? "I am afraid so, the southern party continues to be a little Jacobin. We feel uncomfortable when the PCI tends toward legalized establishment. It may be that this is fated, however Berlinguer's party had a critical identity, while today I see tension primarily in regard to alliances of acronyms. We are dazed by the modernity of others. However, at least we should continue to try to understand what the PSI is. Its modernization is a mutation of the institutional form. Still based on the decree at Sigonella. . . it still the same thing, like it or not?"

Perhaps he is pursuing an intellectual's dream of the "rebel" party. Perhaps he is sinning by omission, and would like to say revolutionary. Perhaps his sin is abstractness or moral strictness.

His name was Savina, and he was not yet 20, he was still in the FGCI, and to my questions trying to organize his answers he replied: "Remember that we are not in school. I tell you what I want to tell you, not what you want." After that he did not say much, his communist face was still entirely unexcavated: neither disillusionments nor dreams. Joining that party always seems to one the best way to solve certain problems. One can thus survive in this world without a pattern to understand it. Perhaps his sin is called ignorance, or perhaps it is that of showing all the others the fragility of their banners.

Seven faces of seven sins, or seven virtues. The reader will decide, with communists given first choice.

17 Jan 86 p 11]

[Fourth article: "In Paradise There Is Room, You Get There with Development. But in Naples and Mirafiori..."; "The Medicine the PCI Wants for Regulating the Economy"]

[Text] To hold together those who earn 3 million and those who with difficulty reach 1 million, and to keep social democracy and communism in juxtaposition, the PCI has coined the slogan of "diverse development." However, the members who created the economic progress, those who have only just witnessed it and those who have experienced it themselves, cannot agree on what the two words mean."

In a restaurant in Reggio Emilia I learned the first lesson on how the motor of the communist world operates. They showed me, in action, the key that closes and concludes every one of their reasonings and moves; I made my acquaintance with the great healer: development. Three of them explained it to me: Emilio Severi, chairman of the Giglio cooperative, the butter one that has been shown on TV, turnover 240 billion, 192 associated cooperatives for 8,000 producers, and 450 employees; Uber Fontanesi, secretary of the Small and Medium Industry Association; and Romani Sassi, who with 207 employees produces chainsaws that are sold to half the world, including the United States. All three are communists, the first two with cards, the other only in spirit.

"First of all, you need to produce, and we in Emilia know how to do it. Then you need to know what to produce. On this point there is some uncertainty in the party. Finally, you need to know what to do with the profit. Everything is related to this triangle, including the ecology: pigs pollute more than a nuclear power plant, and other than traffic." They talked about their region, their reformism, about when in 1951, in "political reprisal," they closed the "Reggiane" establishment and 15,000 workers decided to convert themselves to small businessmen. They told the story of an entire community that was able to get rich and knew how to invest: private saving and public services. And about development, the mother of socialism.

Sassi: "I have never really believed that the PCI is a revolutionary party. The workman is always right when he does his duty, the problem is to put him in a position where he can work. Exploitation? It exists when the people are going hungry, it is a fib when criticizing profit accumulation. I was an orphan at 9 years old, at 10 I was an apprentice. Here I am."

"Richer and More Laicized"

Fontanesi: "Once it was said: businessman and communist are contradictory terms. Since then we have all become a little richer and a little more laicized. Also, in the name of development, we all understand each other a little more. The CGIL wants us to serve as businessmen, complains if we sleep, and points out shortcomings in research and investments. A wage of 900,000 a month at Mirafiori? Here the wages are very different, perhaps 50 percent higher."

Severi: "I do not know whether it is social democracy, but I believe Amendola

was right when already in 1964 he was saying that the barrier of labels no longer made sense. Thus, produce: goods and development, along with programming, through small and medium-size enterprises, and with cooperatives."

They come from poor families, they have not forgotten it. Thanks to the PCI and development they are no longer poor, not they or the others. They are ready to defend both at any cost, the rest is theory. And if development comes to a halt? If the social compact is blocked, to the advantage of everyone? "It is not possible, here it will never be possible. We are reformists because that can never happen."

My second lesson was received at the UNITA office in Bologna. Gilberto Pazzeschi is managing director of Unipol, involved with finance. He said: "Since the end of the 1960's, families have been accumulating savings but they do not have adequate facilities to handle these resources. We do not have a bank of our own, there is no trade unionists bank. The other banks finance on the basis of property; we could finance while taking other factors into account. You are surprised? Everyone in this region holds BOT or CCT; it is the region where De Benedetti is offering shares of SASIB to the workers, 3.4 million per 1,700 shares. Bologna is a whole financial market; here mutual funds earn more than elsewhere. Capital is not a devil, but a factor of production; in the market you establish yourself with capital, modernization is financed with capital. However, the culture of the PCI resists. Today millions of families are involved in the stock market, and we are very happy that we have finally established the legitimacy of the market. How much we could do if we understood that development also means controlling funds flow."

I might voice the suspicion that the only ones who may understand are those who have financial flows; he looked at me as if I came from a distant planet, and now I understood that in Bologna many may understand.

Cesare Baccarini, vice chairman of the Cooperatives: "By beginning with work and production, that is how you combat injustices." Piero Capone, an official of the regional office for economic development of the country: "Do you want an example? We have developed a prediction service of trends in world fashion. A service for those who cannot afford long trips. Today, 500 enterprises are using it." Argentesi, president of Edilfer construction: "I must produce profit and growth, that is what my 1,400 partners ask." Vincenzo Galetti, chairman of Ente Fiera: "We communists are the ones who teach the country people not to take off their hats to the owners. That is what Togliatti said. And then we have not left these country people with hat in hand: produce, accumulate, reinvest, this is how you create a consensus and progress in the general interest." Development reigns in the skies of Emilia, is an eclipse possible? "Perhaps, in theory, but not today or tomorrow."

In Naples development is a word with a bitter taste, anyone who has seen it swears that then it is not so fine, and many think it is a pension or franchise. Here there has not been any social compact, no progressive and general enrichment. Until 1983 the communists believed that the doors of development would open through the administration of the city. Now they mistrust development, as well as those halls of administration. They have

burned their fingers, and the old idea that some fruit is good for the north and poisonous for the south is again becoming a reality.

A group of professionals, intellectuals, communists and ultraserious comedians celebrate, on each anniversary of the earthquake, the days of the Accademia della Catastrofe. It is a feast during which real-life events are mimed with a purposely reversed scale of values: sad appeals to those who want to take Naples' fortune from it, the "catastrophe" itself, discussion and lectures on the parties accompanied by pastry cakes, and demonstrations by "amateurs of politics and culture." Here in Naples, it is not income that is to be redistributed but only tangents or irony. Development has mocked at Naples, and Naples responds with a bitter face at development.

Umberto Siola, communal councillor: "Ten years in the council to become aware that the political problem is whether the party apparatus is or is not in accordance with what you are saying. Perhaps the PCI has fallen short in Naples, but the others, the middle class, where have they been? We have not robbed. Fine, good fellows. Yet in 8 years we have not said what we wanted to do in this city. We have ruin on our conscience for not having cleaned it up. Yet, I don't feel guilty, I am simply a little tired of being an aspirant reformist incapable of carrying out reforms."

Massimo Lo Cicero, economist: "Development? Here in Naples it is a possibility, but for one thing: it means urging the amorphous mass of society in a certain direction, and more or less it will get somewhere, more or less. The fact is that the PCI postulates development more than it practices it: this is the result of a culture born of historicism with sociological digressions added. Let us consider the new professions: when it sees them, the PCI decides to coopt them. It will combine the contradictory interests with development. Napolitano is the biggest exponent of this imperturbable empiric."

Fabrizio Mangoni, architect: "There were two courses: either break with one element consisting of society, or encourage welfareism, which is the contrary to development. We have tried to disguise welfareism in the clothes of development: a comedy."

Lost illusion, still open wound, we laugh and weep over the development that did not come. We pretend to no longer be expecting it, so we will not be made orphans again. Here in the south the party of reform cannot be simply the party of labor. Either decide to "break with a substantial portion of society," the portion growing fat on underdevelopment, or become a party equal to the others, too equal.

"The Technicians, and Who Sees Them?"

Seated around a table, the workmen, assembly line, of Mirafiori are waiting for me. Development grabbed them in the south and slammed them in Turin. Development made them communists. Development has conquered them, and they know it. Fifteen years ago they thought they could lead the country, they thought that the workingman was the measure of everything. Today they have learned that in the party of development there is room for them, but not at

the steering wheel.

Angelo Azzolina has been in Fiat for 20 years and is on the assembly line: "My political decision was a class decision, and I continue to believe that it is profit alone that degrades the society. I continue to believe that labor and capital are not blood brothers." Antonio Cirillo is located in a shed separated from production: he has done so much for the firm since he entered in 1968. "At that time there were term contracts, which they would like to restore today. Six months at the furnace. Then inside, in the plant. I served as delegate, but you could not carry more than three concealed leaflets. Today we are back to worse days. Certainly, we cannot be a party only of workmen, but what a lot of talk about technicians. And who sees them? Fiat itself does not let them get near you." Siro Sanna, who came from the UILM [Italian Metallurgical Workers Union], left it after the decree on the wage scale: "The blue overalls in process of extinction? We are not changing." Pietro Padovano was from a seminary, 10 years ago, they taught him that men are equal. The factory told him that that was not the case, for him development is equality.

Michele Lupo: "When they hired me, it was the carabinieri who came to get information for Fiat. These are things that we got rid of with the struggles, now the struggles are over. It is right for the CGIL to be criticized. The agreements are not being submitted to the workers. All they are negotiating is reductions in wages; if that is development, then I don't know what to make of it." Renato Badellino, an employee of Aeritalia: "Organizing to solve the problems collectively is no longer in style; the party does not have a program, so why be surprised that the CGIL has made the decision not to break with the others?" And then it was in unison, with the other workers joining them: "The year 1968 was not all healthy but neither was it all wrong. Now they say that we no longer count for anything, that we should disappear. Yet, when it comes time to select his representative, the factory worker votes for the communists. And do you know why? Because he sees how the communist behaves. At Meccanica out of 2,000 three-fourths voted for us. No, Romiti has not won forever. Lama, with all due respect, so many mediations, too many concessions."

The defeat of 1980 flames; the working class enduring development. Here they thought it would mean something else, a money bill that was more intelligent and coordinated in advance among all the parties.

There is a stream of communist phrases about development. The Congress Theses are full of them. Development is used to explain that technology need not reduce work positions, to explain that it is possible to keep together those who are earning 3 million and those who have difficulty making 1 million, and to keep in juxtaposition social democracy and communism. It is the big alibi and the big hope. In order to bring into agreement those communists who created it, those who have never seen it, and those who have paid for it, the party talks about "diverse" development. This is a solution to the problem that resides in the documents but not in the facts.

The PCI wishes development for the country and for itself; otherwise, if this path does not lead to full employment, if the development in the near future

does not lead everyone into paradise, the PCI will have to transform itself into a party of opinion. Or it will have return to discovery of the classes. One fate is worse than the other, anyhow better a good "pact among producers."

[18 Jan 86 p 7]

[Fifth article: "The Party Takes Comfort Awaiting Congress"; "Thus Returns the Identity Crisis"; "Only for Ingrao Is There No Place in the Big Theses 'Puzzle'"]

[Text] On 12 May they were waiting for victory, now they are awaiting the Congress: in the meanwhile, they have found cause to take comfort. As the noise around the defeat died down, so also did the congress rendez-vous become less resolute and dramatic for the communists. In July it seemed that the 17th PCI Congress would be an urgent event to identify and cure serious illnesses of the party. In September it appeared necessary to issue a response on the identity of the party. However, between October and November the emotion declined, a path was indicated. Now we know more or less what the coming communist congress will say. Above all, we know why.

Between summer and autumn the triumphant five-party setup of the spring had been transformed into a government that was constrained and reluctantly tolerated by those who compose it. The communist leadership group looked on incredulous and happy, and imagined: Craxi and the PSI will certainly not suffocate themselves within it. Then came the events of the Lauro, Sigonella, and the crisis. To the Communist Headquarters top people it was the striking confirmation: the socialist leader has understood that he must leave the five-party setup toward the left. The analysis having been made, there came the emphasis by some socialists on the taxing of the headquarters, and to support them all that was needed was Craxi's indications toward better relations today and in the future. Communist Headquarters takes the view: we must know how to wait, but now the PSI is changing course, the game has turned, comrades.

#### **Program Government**

The communist rank and file is slower and less skilled in interpreting the socialist words and actions. On their part, there developed a kind of mass dismissal of the defeat that goes somewhat as follows: yes, we lost a vote, but the others, those regarded as the winners, are also in difficulties like us, and more so. Comrade, don't you see that the five-party setup is not lasting, that it will not reach the year 2000 as promised by the DC? The comrade sees that the five-party setup is leaking, and that it is forgetting the 5 percent less in the big cities, forgetting the anguish of the post-vote period, forgetting that it itself had wondered whether the PCI had not lost some basic link with society.

The electoral defeat is quietly evaporating in the sun of the crisis of others, and in the light of the two explanations, which do not explain very much. The PCI says: the PCI lost because it vacillated and was not determined, but primarily because it was isolated. The two theses are contradictory, but they both have the value of directing the blow to the context of things that are displeasing but normal. The identity crisis will

return, and the Congress, which for a moment appeared as one of "rebuilding," is becoming a congress that is to complete the policy and the leading group.

And the policy is as follows: it is there in the things, things as the PCI sees them. On the horizon there is the alliance with the socialists. At arm's length there is a new economic development. There have been too many rearguard battles, but the isolation is ending. Certainly, we have to be prudent, however, as in a puzzle all the pieces end up in their places: the new relations with the ideas and parties of social democracy, the radical nature of the reform to be carried out to guarantee development in Italy, and the satisfaction in discovering that one is capable of modernity. The PCI is jettisoning the dead weight: wage scale, the secret debate, blue-collarism, and a little moralism. The difficulty lay in translating the waiting for development and the PSI into a political proposal: this is how the government of program was born, something sufficiently concrete to keep the party ready for any opportunity, yet sufficiently vague not to get back on the mined terrain of an "alternative" society. And the program was born: the meticulous list of all that should be done. How to do it, remains to be seen.

It remains to be seen how to save the social state and make it productive. For now it is enough to know that it must be saved and made productive. It remains to be seen how to guarantee full employment; for now it is enough to know that those who do not advocate it are enemies. It remains to be seen what kind of social democracy Italy will become, at a time when the PCI does not disdain it, but does not commit itself to that model.

There is perhaps more than one excess, but in these cases the PCI benefits by the old technique of coopting. Coopting into the "puzzle" the peace movement, the antinuclear movement, and the women's movement. Coopting the new professions. Coopting the crying need for a new way of conducting politics. And L'UNITA is full of sincere appeals to change the party's role in society, to change the techniques and rationale of politics. Thus, the internal agreement has been achieved: we will conduct a policy of alliances, but in order to do so it will be a mass party, which requires radical reforms, and which enables avoiding heavy costs to all the social groups. The center, right and left can be in agreement, and in fact the Theses offer this, from Bassolino to Colajanni.

Each of the party's components accepts the compromise, by force of logic, and they are thus concentrating forces to the center to try to shift the general axis a little. "A good idea," comments Roberto Esposito, one of the communists who wrote to Communist Headquarters calling for decisions with strong majorities and strong minorities--"a good idea. Too bad that it dates back to Aristotle. Perhaps it is time to change it." It will perhaps be thanks to Aristotle, but in this way the Congress is promising to be less traumatic: it will be important, free and lively, but comrades it is better to have a middle and shared response than two clear, divided answers.

Ingrao remains out of the game, and it is not believable that much can be salvaged from the zone congresses. He remains outside because he brings into question the basic foundations of the policy that will emerge from the Congress. Ingrao envisions an electoral reform that would create in Italy a

situation similar, for example, to that in Germany, that is, where the liberals are essential for formation of any government, but where the chancellor is either a Social Democratic or Christian Democrat. Metaphor aside, Ingrao puts into motion by his electoral reform proposal a mechanism that could result in no yielding of posts by the PSI, also without decreasing its political role. And this the PCI, which is waiting for the PSI, cannot want. It means reviving the ghost of an understanding with the DC. Ingrao's "constituent government" is abstract and difficult in respect to the "program government." However, that is not the point, the point is that it sounds like an anti-PSI proposal. And the PCI does not want to consider that, even at the cost of accepting delay concerning the "frozen democracy" that it has been lamenting for some time.

#### Moral Issue

Again, Ingrao, with his constant reference to the world imbalance between north and south, ends up casting doubt on the wonder-working virtue of development, and thus calls the PCI to a much more complex strategy. A strategy that revives the risk of domestic isolation. Thus, Ingrao will continue to receive applause and attestations of esteem, and he will receive more agreement in the sections than in the Central Committee, but today the PCI wants something different from what Ingrao wants.

However, the Congress will not be Lama's feast. The disillusionment regarding the CGIL is almost unanimous in the party. And not because the CGIL has moderated, but because its accounts are glaringly in the red. It has not defended employment, it did not take on or understand Fiat in time, and it was unable to really grasp the government's economic policy, and this despite a wagonload of wage sacrifices. This is what the PCI thinks of the CGIL. The communist rank and file criticizes abandonment of enterprise negotiation, the communist managers criticize the slowness in expressing in behavior what amounted to a turning point in Europe. Whether guilty or a victim, in the view of the entire PCI Lama bears responsibility for a union that decreasingly represents the labor world. Lama's image of it being "processed" from the vertex of the party does not reflect the truth, and that the party would be ready to acclaim it. There is not a process, there is disillusionment, at every level.

And Natta? You do not encounter the secretary in the words or feelings of the men and women who constitute the party. For the moment, he has neither blame nor merit in the PCI collective consciousness. If you asked me for a judgment, I would indefatigably give you the formula: "He needs time, like everyone else, including Berenguer at the start..." He is piloting the party and himself toward the Congress, both committed in an honest work.

I talked about the Congress with four communist deputies. Dino Sanlorenzo is from Turin: "We thought that the society was moving to the left and we got on the wrong horse. We began to acclaim the diversity. Now, it would be a mistake to run after the movements. This time, fortunately, we have a program. We offer it to everyone, the socialists first of all."

Famiano Crucianelli dates from a long time back, from the students, from 1968.

"The reasons for radical change are not dead. The great majority of mankind is oppressed. Today we risk losing our most precious legacy, the mass party, and we risk losing the objective of a meeting point between modernity and high intensity of ideals. Berlinguer's moral issue was not whether to steal or not to steal, it was the recognition of a corporativization of civil society brought about by the parties. From this indeed we should to remain isolated."

Antonio Mannino came from the agrarian petty bourgeoisie of Sicily. "The young people no longer have any hope for the future. The world seems to be going against them. I want a party that is more concrete and more free, that does not give the common people the feeling that the party already knows what the people want."

#### In the Big Pot, Everything Boils

Romana Bianchi was teaching in Pavia before coming to Montecitorio. "My grandfather had met Stalin and always told me that people with moustaches like that never make a mistake. Two good reasons for thinking that our party should be something else. Yes, I think about different human relations, about liberation of women. But today people say: the welfare home costs too much; between social services and money, the people choose money. And the party puts women in the documents. Liberation is not only human relations and dignity. Liberation means full independence. If only the PCI would operate accordingly..."

They are all there, in the same party, waiting for the same Congress. A huge pot in which everything boils. There is the leader, born of the workers, that says to the workers: "I am communist because you do not please me the way you are. There is the leader who comes from the bourgeoisie and is seeking a life worth living. There is the advertising manager who in the public enterprise shows his clean hands, the employee who tells what socialism is while discussing how his office functions, the person who wants peace and talks like a leaflet, the teacher who wants to struggle against the bureaucracy, the workman who no longer knows how to address the manager, and the businessman who creates wealth. There is the intellectual who still assigns meaning to the world, and the megaphone comrade who answers the journalist asking for information by saying: "We are prepared for dialogue with the democratic forces, please say that." And around them stand all those who no longer believe us, also without giving up the desire to make a better world.

The PCI is no longer the antithesis of the society; if it wanted to destroy it, it would be committing suicide. It has learned to join it in its development, but it does not know how to correct it. It is navigating by sight and good will, even though it talks about major courses. It is no longer so Red, and it is bored with being an elephant, it wants to escape from the cage. Yet it continues to tell us that once it gets out all the cages will be open. However, this normal animals do not know how to do. If we are padlocks to be broken in face of the keepers, then the trunk is indeed useful.

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POLITICAL

LUXEMBOURG

COMMENTATOR ON NEED TO IMPROVE SECURITY FORCES

Luxembourg LUXEMBURGER WORT in German 8 Jan 86 p 4

[Commentary by "JNK": "Our poor security situation is the fault of the system --no radical improvement possible without complete restructuring"]

[Text] The many instances of foreign occupation experienced by our homeland (the last and worst one having ended 40 years ago) have given the Luxembourg citizen a great deal of suspicion toward any kind of police or military establishment. This healthy attitude has put its stamp not only on the ordinary citizen, but also on the political parties, the representatives and ministers. This historic context is widely responsible for the structure of our security forces which by modern standards is largely inadequate.

Critical Observations

As a state, we have always been stingy in spending money for the essentials, such as equipment, personnel and training. Also, we wanted to give the least possible amount of real authority to the various government agencies. Pressure from outside the country or internal developments have resulted in a continuous growth of security and defense forces, resulting today in a mess of overlapping responsibilities. The inevitable result of this policy is a growing insecurity among our population, a loss of confidence in the capability of our security establishment of maintaining law and order in our democracy.

No purpose would be served in blaming any party or one particular minister for this poor security situation. Some politicians could be accused of a lack of foresight and courage, or of irresponsibility in passing laws. Some individual representatives of the prosecutor's office, officers, noncommissioned officers and other members of the security system might be accused of incompetence, laziness or arrogance. Such reproaches might be accurate in some exceptional cases, but would serve no purpose in our present situation: many of our citizens, union representatives and spokesmen, the press and other organizations have supported or silently tolerated the restrictions, the overlapping of responsibilities, the stinginess and the amateurism in our security system, in accordance with the motto: "As a small state, that's all we need!"

It is therefore incumbent upon all of us to eliminate from the discussion about our security situation any considerations of party politics, occupational group

problems, class consciousness, vested interests, ideology and emotion. This constitutes a challenge to the government, the parliament, parties, unions, the press and the experts quickly and pragmatically to get started on the urgently necessary restructuring of security and defense problems within the framework of a type of national emergency action. The situation is so serious, the time so short and the waste of public funds so obvious that any further delay in reorganizing our security policy would amount to irresponsibility. Major and minor crime, terrorism, espionage and totalitarian militarism unfortunately do not stop at the borders of the Grand Duchy.

#### Inadequacies in the Current Situation

Almost one dozen different organizations, supervised by half a dozen ministries, are currently responsible for Luxembourg's internal and external security. The joint high command of the gendarmerie and the police planned by the present government will have limited, if any, positive effects toward an improved security situation in view of the multiplicity of "responsible" authorities and because of the rigidity of the "system."

The following agencies are responsible for the protection of the citizens and the state against criminal and subversive elements operating in the interior:

1. The police, divided into a number of independent precincts, whose responsibility is restricted mainly mainly to their respective home districts; police HQ's has authority over the precincts in certain areas of endeavor; the police is subordinate to the minister of the interior with respect to police management questions; to the minister of public works in the areas of training, organization, management and discipline; and to the minister of justice for investigative work (police judiciaire);
2. The Gendarmerie, broken down by districts, brigades and special units, is subordinate to the minister of public works for training, organization, management and discipline; to the minister of justice for the maintenance of public order and for investigative matters; in addition, it participates in internal territorial defense in matters concerning security, communications and readiness of military units, as well as additional tasks determined by the ministers of the interior, justice and public works;
3. The Surete Publique (public security service), an independent part of the Gendarmerie, reporting direct to the chief of that corps, deals with special investigative and preventive measures and has established specialized sub-units;
4. The ministry of justice, department of weapon permit laws;
5. The department of prison management, reporting direct to the chief prosecutor;
6. The Forestry Department is responsible, among other things, for compliance with laws concerning forests, environmental protection and hunting--it reports to the minister of environment;

7. The Public Prosecutor's Office (and the examining magistrates in their function as officials of the judicial police)--reporting to the minister of justice, the most important authority for internal security, because his officials have most of the authority for dealing with crime and subversion;

8. The Customs Authority has police powers with respect to travelers' arrival in, or departure from, the Grand Duchy of Luxembourg; it is therefore concerned with internal as well as external security.

This chaotic condition of authority would be incomplete if one would fail to mention the hierarchic authority exercised by the public prosecutor over the judiciary police. In the area of criminal prosecution he supervises not only the members of the prosecutor's office and the examining magistrates (the latter only in their function as officials of the judicial police), but also all other officials and other personnel of that judicial police, i.e., the officials of the police, gendarmerie, security service and forestry department in their specific functions. The public prosecutor himself is subordinate to the minister of justice.

More than 100 years ago, we believed that we could ensure the country's external security through perpetual unarmed neutrality. Within this century, our peaceful country had to witness the sorry collapse of that neutrality twice. After 1944 we were forced to abandon this utopian policy and to establish our own army. Our military policy since then has been somewhat haphazard. The means of recruitment (obligatory military service, voluntary service, career military) as well as the organization and mission of this army unfortunately became a political football; thus every time there was a change in the coalition, military policy underwent more or less basic changes. From 1944 to 1967 the mission of the draftee army contained an effective territorial defense of our country. In addition, Luxembourg served as a temporary force of occupation in parts of the French zone of Germany. Later on we made our contribution to NATO in the form of a "tactical infantry regimental group" operating no farther than 100 km beyond the borders of the Grand Duchy. The next reform brought a reduction in the term of military service and a reduction in the size of the army, which from then on consisted of territorial troops (draftees and an artillery battalion (volunteers), which was attached to a U.S. division as a contribution to NATO. The last reform of the draft army consisted of yet another reduction in the term of obligatory military service.

After obligatory military service was abolished in 1967 the army underwent another considerable numerical reduction. The artillery battalion was disbanded, and the new volunteer army, numbering fewer than 800 (including cadre) is to fulfill two principal missions:

- to provide NATO with a (light) infantry battalion as part of a multinational force (with potential deployment in times of crisis in Northern Norway or in Turkey!);

- to ensure Luxembourg's territorial defense.

It should be noted that the army has no reserve units at its disposal (inconceivable from a military standpoint), because since 1967 no government coalition could see its way clear to implement the establishment of a reserve force, which is authorized by law.

Surely our Western partners consider our military policy worthy of the plot of an operetta and, in view of our small size, greet it with a disdainful smile. However, in view of today's situation it would be the height of irresponsibility, and even insanity, to continue playing fast and loose with the most elementary military realities and with the money and the need for external security of our taxpayers. We should not also that the army is subordinate to the minister of public works.

Additional components for external security were established as a function of our membership in the Western defense alliance: a. the communications service, established in 1960 and reporting to the minister, charged with the protection of the state's external security and of the secrets of the countries allied with Luxembourg in a defense treaty; b. the "Protection Nationale," (including the national crisis alarm center), also established at the same time and reporting to the minister. Its mission is to take the necessary protective measures in case of an outbreak of armed conflict. Last but not least, we should mention, as part of external security, the important role of the military advisors and other officials of the ministry of public works as an additional component.

#### Peculiarities of the "Luxembourg System"

In accordance with general management principles, the agencies briefly described above work independently, without relevant coordination and according to the principle of keeping strictly to their specific functional area, disregarding any logical thought of effectiveness. This is not the fault of the agencies concerned, nor of the present or past governments, but rather of the entire political establishment since the end of the last world war.

The root of all evil lies in the gradual bureaucratization, i.e., equalization with the remaining public functions of all the forces of law and order. This ominous development has presented us with today's situation, for which no solution seems possible:

- a. the categorization of the members of the security forces into several careers which are hermetically separated from each other due to inappropriate regulations and which resemble the Indian caste system (lawyers, officers, other academics, editors, office workers, noncommissioned officers, craftsmen, volunteer soldiers, civil servants in several career progressions);
- b. career progression strictly by seniority without regard to the capability or industry of the individual (with the exception of a few, though irrelevant exceptions);
- c. filling of senior positions in the various agencies almost exclusively by seniority;
- d. inadequate training of almost all members of the law and order forces;
- e. maintenance of the 40-hour week, which is no longer adequate in the context of maintaining external and internal security (tens of thousands of hours unpaid "overtime?");
- f. salary policies which are incompatible with the performance of the individual, resulting in underpayment of truly valuable personnel.

If we are serious in wanting to establish an efficient security apparatus, such a rigid, restrictive system must be condemned. However, as to the personal situation of currently active security officials, we must regard their salaries, grades and career expectations as having been earned if and when any organizational changes take place. The same holds true in cases of transfers of officials as part of necessary reorganizations--the state must respect human and moral factors. We must not repeat the conditions which arose 20 years ago during the abolition of the draft army and the resulting cadre transfers. Close and trustful cooperation with the trade union concerned is mandatory.

Two further components of the "Luxembourg System" must be cited:

- a. the systematic deficiencies in required equipment;
- b. the lack of clear mission directives.

Every reasonable person knows that the funds for our security apparatus had to be restricted. With regard to the first point, we should state that in general, additional personnel, even if highly qualified, does not necessarily improve the situation. Twenty good people, properly outfitted with up-to-date equipment, are more effective in the fight against violent crime than are 200 highly-trained individuals without proper equipment. There is no balance in the personnel cost-to-equipment ratio in the budgets of our law and order forces. This is not meant to downplay the necessity for additional officials in the various security agencies. However, at the present time improved equipment and optimum scheduling of available forces are paramount.

The lack of clear mission directives can be described as a "Luxembourger disease." It is equally prevalent in politics, society, education and the economy. So long as our country was able, in a sort of splendid isolation, to promote the welfare of its citizens, there was a little national importance in vague mission directives in the various security agencies. Only the individuals directly concerned suffered frustration. But now, every citizen is increasingly affected by the dreadful lack of such clearly defined duty responsibilities.

One example which will serve to illustrate our perplexity are the foreign football rowdies who periodically come to Luxembourg. We know in advance the date and hour these modern barbarians will arrive. We are roughly aware of their number. We know also that these thugs are not interested in the sport, but rather in provocation and destructive urges. Our security forces make "by the book" preparations for this invasion. But the result is always the same: massive destruction, many injured among the security personnel, a general feeling of insecurity. If we, as a state, are unable to deal with a scheduled invasion of a few hundred drunken brawlers by using several hundred security people, how do we propose to protect the country against terrorists, organized criminals, violent robbers or enemy saboteurs? The security personnel involved cannot be blamed at all--they are frequently the victims of the neglectful attitude of the politicians.

#### What Can We Do?

The Luxembourg man in the street wants orderly conditions, permitting him to live his life in peace, the way one would expect it to be in a democracy.

However, the threat against our Western democracies from extremists, violent criminals and aggressors of all types is now an irremovable component of our daily lives, despite the misplaced optimism of many politicians. A successful defense against this worsening situation, in Luxembourg as well as elsewhere, requires a radical rethinking in matters of the composition, equipment and deployment of the various security agencies.

Common sense dictates the following principles for a security policy capable of dealing with today's conditions:

- 1. For purposes of mission definition, a separation between criminal prosecution agencies and the other security authorities is a basic prerequisite. The authority of the judicial police, which is presently distributed among several corps (gendarmerie, police, surete etc.) should be transferred to a "corps de police judiciaire," which would have to be established. This has been proposed by the minister of justice. This judicial police would report to the public prosecutor and its authority would be restricted to criminal investigation.
- 2. The members of the public prosecutor's office should not be required, as they are now, to serve alternately every few years as judges, then again as prosecutors or assistant prosecutors or state's attorney. A person can either be a good prosecutor or a good judge; he can hardly be both.
- 3. The customs administration, being a specialized financial authority, should be relieved of its police functions. This functional area should be taken over by the gendarmerie.
- 4. The prison administration, being a security agency, does not belong into the prosecutorial area and should be placed under the high command of the security forces, which is to be established.
- 5. The police should be relieved of state-wide duties and allocated to the municipalities to function as communal police. The office of chief of police should be abolished. General police duties (traffic control, summary offenses, misdemeanors, patrol duty) currently performed by both police and gendarmerie without clear division of competence, would be performed by police precincts to be established in all major municipalities.
- 6. The gendarmerie is no longer competent for general police work. As a national "readiness police" (security alert police) it would be responsible for the maintenance of public order (preventive deployment to thwart major crimes), surveillance of the borders and incoming travelers (presently the duty of customs), the security of the military and important military facilities, security of the state, protection of the European installations, the banks and international visitors. Present brigades are to be combined into larger functional units.

The Surete would report, as at present, as a special unit to the commandant of the gendarmerie for special tasks within the framework of the new gendarmerie mission.

To be able to fulfill our international responsibilities for facilities protection of supra-national installations even under crisis conditions, the gendarmerie will require the reserve unit which has long been legally authorized but, for political reasons, never established; it would be furnished by the military.

- 7. The designation "army" is to be replaced by the less pretentious "military force." The mission of this force should be newly defined in conjunction with NATO. The several hundred men of the active units are to be used exclusively as a territorial force. Training and equipment should be those of an airborne commando unit; this would be the only way in which we could make a meaningful contribution to NATO and for ourselves. Defense of our territory against enemy saboteurs, fifth columnists and commando groups which would be capable of disturbing alliance defense plans, would have top priority. No ally could ask us for anything more.

Like any other combat force in the world, our military force would require the establishment of a (legally authorized) reserve force to provide needed reinforcement in time of crisis. The word "reserve army" should not be used, since it would sound presumptuous for a force of several hundred men.

- 8. A small special unit (maximum: 30 men) should be immediately established for defense against terrorists and particularly dangerous violent criminals. Such a SWAT team (special weapons and tactics) must be fully trained and equipped as in other countries. Special security measures would be required for the benefit of the members of this team.

- 9. A high command of the security forces would encompass the gendarmerie, military force, SWAT team and Protection Nationale. The commander in chief of these security forces would report to the minister of public works, but would exercise his command in a fully autonomous manner. The holder of this important position should hold the highest military rank, but should be appointed for a maximum term of 2 years, should be subject to removal at any time, and does not necessarily have to be a professional officer. He could serve under the "commissioned officer" formula.

Implementation of the foregoing principles for a more effective organization of our security services rests upon the recognition of the fact that the members of the security forces are not civil servants as are all others. Regulations, pay, duty hours, promotions, rights and responsibilities must be established separately for each corps. The criterion for filling every position (including the top one) by new recruitment or promotion can only be the proven (rather than theoretical) capability of each candidate. Seniority, education, current rank, career path, previously passed examinations and similar "acquired" merits must not impede objective evaluation. Closed career ladders, as they are now in existence, must not be allowed to exist within an efficient system. A wide-open career path in its broadest sense must become the norm. Formal education has little, if anything, to do with the actual capabilities of a person.

The establishment of clear criteria for appointment and promotion, with the assistance of unions, as well as the appointment of decision-making personnel

committees should eliminate any arbitrariness. An additional guarantee could be provided by appointing an ombudsman. In addition, every security official should have the option of quitting the forces of law and order at any time for the purpose of taking an appropriate civil service job (state, municipality, railroad, parastatal institutions).

Contrary to widespread opinion, the absolute number of security officials has little relevance to a good or bad security situation of the country. The reasons for the currently poor security situation are to be found in the archaic structure of our law and order forces, inappropriate personnel policies, dangerously inappropriate and inadequate equipment and ill-defined mission directives.

If we want to catch up with the equipment deficiency, we will have to spend a lot of money in the next few years. Our politicians will need a great deal of courage to eliminate the above-described deficiencies which have been a fact of life for decades. More courage will be required to free the security agencies from all the duties which are foreign to their mission.

In closing I should like to take this opportunity to express thanks, in the name of all loyal Luxembourg citizens, to all present-day security officials for their work in the interest of all citizens. None of them is responsible for the bad situation. Nor should we, in all honesty, put the blame on the present government. The blame belongs to developments which have taken place over the last 40 years.

What is needed here and now is the political determination to convert an untenable situation into a good one.

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POLITICAL

SWEDEN

KARIN SODER COMMENTS ON CENTER PARTY FUTURE, GOALS

Stockholm SVENSKA DAGBLADET in Swedish 4 Feb 86 p 10

[Article by Elisabeth Krona]

[Text] "The tragic days in December were a shock, but they nevertheless constituted a sort of awakening for the Center Party. Unity is the priority now," says Karin Soder in an interview with SVENSKA DAGBLADET.

She has been Center Party leader for 2 months. In a couple of days she will participate for the first time in the "party leader round" in Parliament's general political debate.

She has moved into Thorbjorn Falldin's office. No trace remains of his stay there. The smell of smoke is gone. Well-tended potted plants stand in the window, and on the wall is an Ethiopian tapestry depicting scenes from the life of the Queen of Sheba.

Karin Soder is well aware of the statements in her favor.

Commenting on headlines saying that "the Center Party wants Soder," she says: "It is fine if people are satisfied with me. That may give me a 'green light' in the party this spring. But those who are critical are not being heard from. I am not so conceited that I am imagining anything different."

Happy With Job

When spring comes, she will give a more definite answer as to whether she wants to stay in the party leader's office longer than half a year. But she makes no secret of the fact that she is enjoying her job:

"The work will not be very hard as long as I have such strong support."

She has not talked to the election committee since last spring.

We asked: "Has the situation in the Center Party stabilized with you as chairwoman and Olof Johansson as deputy chairman?"

"It feels good. Naturally, there is much concern and disappointment at the fate suffered by Thorbjorn. But that is something different than the responsibility that members now feel toward the Center Party."

We asked: "Do you have any contact with Falldin?"

"Yes, he keeps up with politics from a distance and has his opinions. But he has never been one to meddle in other people's doings. He gives good advice."

Does he do so now?

"Yes, if I ask him for it."

Concerning the ins and outs of Falldin's resignation, she says: "We will probably not get any proper information on what really happened. Those who set the avalanche in motion could not really judge the consequences. The course of events got away from them."

But she still thinks about whether she herself could have acted more vigorously:

"Perhaps I could have prevented what happened and made some contacts. But of course, I was just as responsible for the election result as Thorbjorn was and had to answer for it. We certainly got raked over the coals."

She does not explain the Center Party's decline as being simply the result of its unclear message:

"Perhaps we got into trouble because of the political trend in society. After a period when environmental issues and energy completely overshadowed everything else, money matters suddenly weighed more heavily."

When Karin Soder enters the "party leader round" in the general political debate, she will emphasize the social profile of the Center Party's budget. That profile is more pronounced than it is in the other nonsocialist parties, she says, and as an example, she mentions that her party has now dropped the idea of cutbacks in health insurance.

She also places strong emphasis on regional policy:

"By not mentioning regional policy in their proposed budget, the Social Democrats are showing a terrible indifference toward a giant of a problem. The furniture movers are busy again."

She sees a connection between concentration on the regions and the education policy:

"Having education at several levels is the be-all and end-all for survival in every district."

## **Liberal Party Surprising**

Karin Soder is surprised that the Liberal Party wants to pay for its family reform plan with money from the food support program. She feels that the proposal is provocative, and she uses the current debate over food quality as support for her views:

"Abolishing food supports will force further rationalization in agriculture. Today, at a time when we are discussing animal factories and quality, cutbacks in food supports are directly contrary to what people want. Instead, we should start eliminating the tax on food."

Incidentally, she wants to be a "political enlightener of consumers." It is true that that attack on other political parties will crop up in the midst of the general political debate, she says, but such attacks must never dominate.

## **Strengthen Work at Home**

Sweden's first female party leader wants to work on behalf of better ATP [General Supplementary Pension Plan] points and health benefits for those who work at home.

"At present, women do not dare shorten their working hours because doing so worsens their social benefits. But society must allow for the fact that women devote more time to their children. I hope that men will also take that step."

She objects strongly to the criticism that the Center Party's child care allowance would work against gainful employment by women:

"There is nothing in our proposal that forces anyone to stay home and stand over a stove--not that there is anything wrong with anyone doing that."

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POLITICAL

SWEDEN

PALME ACTS TO CALM REVOLT OVER BUDGET AUSTERITIES

SDP Secretary Welcomes 'Unrest'

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Article by Kaa Eneberg]

[Text] "It is the nature of the Social Democrats to be an opposition movement, even when we are in power. We have every reason to be happy about the present unrest in our movement. It points to a growing fighting spirit in our struggle for a more just distribution of the wealth."

This was stated on Friday by Social Democratic party secretary Bo Toresson in reference to the growing revolt within the ranks of the Social Democrats.

This occurred at a well-attended press conference at party headquarters on Sveavagen, where the party leadership gathered for 4 hours to discuss a number of questions. Toresson did not wish to reveal which questions were debated, but simply stated that "all the questions that have been raised during the past quarter" had been discussed.

The meeting of the party's Executive Committee had been planned for some time, but must still be seen as a kind of emergency meeting for a discussion of the growing revolt. It was agreed that the Social Democratic movement would discuss nine different areas in which the party's Executive Committee would like to sharpen its policies.

Ministers Speak

As early as this weekend, about 15 district party congresses will be held to discuss policy. Cabinet ministers will speak at most of these congresses throughout the country. Party leader Olof Palme will travel to Orebro to listen to his troubled party brothers and sisters.

Toresson pointed out that this "offensive for justice," as the campaign is called, is part of a process that has been underway since the elections. Just after the elections it was determined that the loss of voter support did not result from the defection of Social Democratic voters to other parties. In

their disappointment over the absence of real wage increases, they simply remained at home. It was a protest against the fact that, despite great sacrifices, they had still not receive real wage increases.

No Change

Toresson pointed out that the economic policy of the "third way" remained intact. It has been successful and there are no plans to change it, despite the present protest movement. It would be short-sighted to propose improvements now that would increase the budget deficit. This would destroy the credibility of this economic policy among people both within and outside the movement.

But the labor movement has "no reason to tolerate" such "deviants" in the economy as stock market manipulations.

Clearly, one "hot" topic at the Executive Committee meeting was the high wages of cabinet ministers and politicians. The committee does not intend to tear up wage increases that have already been decided, but it was agreed that, in the future, the politicians should not determine their own wages and the wages of cabinet ministers should be related to the pay scales for other administrative chiefs.

Every topic that is to be discussed by the Social Democratic movement will be placed under a project leader close to the party leadership. This project leadership will then develop a proposal that will be sent around once more for discussion and will serve as a basis for the 1987 party congress and the 1988 elections.

One of the main questions is working hours. The last party congress supported a 6-hour day, but now the 4-day week has been brought up as an alternative. Another question is the environment, where the party must become more active in local environmental issues. The future of health care, education, and democratic issues must also be discussed.

#### Salvation from Oil Price Decline

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Commentary by Sven Svensson]

[Text] The Social Democratic grumbling from the Dala revolt and the SAFE crisis in Nassjo has penetrated the thick walls of Rosenbad. Olof Palme is taking the protest against the austerity of the budget quite seriously, even though for tactical party reasons he is making light of the popular protest.

The fact that the Social Democratic Party leadership is taking the criticism, especially the protest against the demand for restraint in wage negotiations, with great seriousness is indicated by the Social Democratic Party's offensive that is to take place during the next two weekends. All the troops that can be gathered by the party leadership will be sent out into the bush to tell the common people how things really are.

Still, much of the protest is already well known. During the eighties, the Social Democrats have had a crisis every 6 months, except in election years, during which solidarity has been purchased at a high price.

In early 1981 there was a battle over the economy between the "sextuplets" and "quintuplets" (prominent Social Democrats who advocated savings and expansion, respectively). Then came the Social Democratic emergency program, involving choices between private and economic expansion. Ingvar Carlsson and others touted a 2-percent annual economic expansion within the public sector as an elegant solution to most of Sweden's problems.

Then in January 1982 there was the extremely hot discussion over the inflation-indexing of pensions. On top of that, there were revolts within the Social Democratic group in parliament over unemployment insurance, childbirth allowances, and other goodies. Only as the elections drew near was there a truce in the "War of the Roses" between Kjell-Olof Feldt and Stig Malm of LO (Federation of Trade Unions).

The common denominator of these crises was that they came from interest groups within the Social Democratic Party. They included the LO leadership and other groupings within the Social Democrats.

On the surface, the Dala Revolt and the SAFE dispute differ from these crises in that the "foot soldiers" are rising up in protest against their superiors. The stock market manipulations and the threatened closing of Kockums Shipyard have also fueled the protests of the common people so that these protests have now reached dimensions that are extraordinary for the Social Democratic Party.

Most of the disputes between the government and various groups of Social Democrats go back to the emergency program of Ingvar Carlsson and the shocking devaluation of 1982.

The devaluation meant an heavy investment in the private sector and in high corporate profits to remedy the budget deficit and to increase employment. At the same time, antiinflationary measures were placed at the center of economic policy.

This policy cannot be called Social Democratic. The Social Democrats have prioritized the private sector at the expense of the public sector. This has been difficult for some groups to swallow.

But is it an historical "given" that, regardless of their policies, the Social Democrats will receive 43 or 44 percent of the votes?

Only the future will answer this question. What we do know is that Social Democratic Party leaders have always prioritized unity. This was the case with Tage Erlander and it is particularly true of Olof Palme, with his

background in big-time finance. As a result, Palme will do everything in his power to plug the leaks well before the next elections, just as he was careful to end the white-collar workers' conflict before the last elections.

Palme's problem is that the economic margins are much narrower than they have been in a long time. For the "third way" of the Social Democrats to succeed, private industry must expand and employees in the public sector must show restraint in their wage demands. For their own survival, the Social Democrats can afford only cosmetic measures against stock market manipulations and the demand for tax money to save employment in doomed industries.

Even in this year's budget, the Social Democrats have been forced to reduce the expansion of local governments from the 2-percent figure in the emergency program down to 1 percent.

The Social Democrats have built their position of power on three main factors: neutrality, employment policy, and tax increases to expand the public sector.

Confidence in the Social Democrats' neutrality policy has already been eroded and their employment policy is threatened, now that even Social Democratic voters are feeling the tax bite.

This is occurring at the same time that the composition of the electorate is changing. At present, half the Social Democratic voters are in the public sector. They vote for the Social Democrats and for their jobs at the same time.

Still, in this year's budget, the Social Democrats are being forced to reduce the expansion of local governments from the 2-percent figure in the emergency to 1 percent, in order to pave the way for industrial investments.

In this situation, it is not clear that public employees will vote for the Social Democrats in such large numbers. Increased mobility, both to the left and to the right, is possible. Social Democrats have torn down the barrier between themselves and VPK (Left Party Communists), as well.

Since the inception of the unicameral parliament in 1970, a 6-year rule has manifested itself. First Palme was in power for 6 years, then came 6 years of nonsocialist governments, and in 1988 Palme will have completed his second 6-year period. Apparently, it takes 6 years for the voters to forget the sins of a past government.

It is possible that the falling oil prices could be the salvation of the Social Democrats. The nonsocialist governments suffered through two difficult oil crises. Now it appears that the Social Democrats will enjoy the political fruits of falling oil prices. Perhaps this will calm down the defiant common people in Dala and Smaland.

Palme Addresses Party

Stockholm DAGENS NYHETER in Swedish 9 Feb 86 p 12

[Article by Kaa Eneberg]

[Text] Orebro--"Our clever corporate leaders should not jeopardize their position by giving themselves advantages that are out of the reach of ordinary people. When we Social Democrats stated the importance of creating profits for companies, we had no idea that certain corporate leaders would speculate wildly on the stock market."

This was stated by Prime Minister Olof Palme in a major ideological speech to Social Democrats in Orebro County on Saturday. Orebro is in a crisis, as is neighboring Bergslagen.

He also repeated his threatened resort to legislation to prevent a repeat of the recent stock market affairs that have created a growing revolt within the Social Democratic movement in favor of a more just distribution of the wealth. He also pointed to the so-called Leo Commission, which is now in session.

Tangible Items

In full accord with recent speeches, Palme stressed that it was a positive sign that the labor movement was discussing the question of justice. A handful of cabinet ministers will take this same message to various district congresses throughout the country this and next weekend.

"It is good that the labor movement is now discussing distribution and justice. These are tangible items that will help us chart our political course far into the next century. These are words that no one dared speak just 1 year ago when the nonsocialists were talking about investing in themselves."

Prime Minister Olof Palme appeared relaxed, with his well-known mixture of being father of his country and troubled party leader. He dismissed the nonsocialist parties by stating that they were "totally outside the debate and simply repeating their old demands for budget cuts."

Even in the most serious context, Palme finds it easy to elicit laughter from his audience. No one is laughing any more at his "wagon we pushed up over the top of the hill"--a picture of the "third way" of the Social Democratic economic policy.

'No Panic'

One new contribution to the figurative political language that did receive lively applause, however, was his description of the nonsocialists' ownership philosophy of "buying yourself a sofa"--in honor of Conservative Party leader Jarl Hjalmarsson, who once said that this was what voters were doing when they voted for the Conservative Party.

He stood before the 200 delegates at the Brunnsparken Congress Hall surrounded by red flags and assured his audience that appearances by him and his cabinet ministers this weekend were not at all a panicky reaction to the unrest in the Social Democratic ranks.

The district congresses and appearances by the cabinet ministers this and next weekend are simply part of the long-range and long-planned work to shape the Social Democratic policies of the future.

The economic policy of the "third way," from which Palme said he would not "deviate 1 millimeter," has helped Sweden begin to "straighten itself out."

"Now, in all humility, we will look up and formulate our demand for justice--a fair distribution of the wealth in Sweden."

#### Promised Harsh Times

He reminded his audience that, even during the election campaign, the party had promised harsh times and that, once again, it had made collective savings that can be used to "build for the future."

He stated with extreme caution that there could be room for genuine wage increases in the future if recent predictions indicating low inflation hold true and if oil prices and the strength of the dollar remain low.

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POLITICAL

SWEDEN

METALWORKERS UNION STEWARD LED REVOLT AGAINST SDP AUSTERITY

Feldt's Budget Sparked Resignation

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11

[Article by Thorsten Engman]

[Text] Falun--"In our manifesto, we never made any demands for resignation. But if they do not agree with our redistribution policy, there is no reason for anyone to stay on."

So says Ake Wiklund, the instigator of the new "Dala Uprising."

Last Wednesday he sent in his resignation to the Social Democratic Party.

What he means by "anyone" is not just Olof Palme, Kjell-Olof Feldt, the other members of the top Social Democratic leadership, and party officials and representatives. Also included now are Leif Blomgren, chairman of the Metalworkers Union, the leaders in that union, and the representatives at the wage negotiation conference. They were added after the Metalworkers Union's wage negotiation conference decided early this week on a bargaining offer of 8 percent for low-paid workers and no change in purchasing power for anyone.

Ideology

In total, that would cost about 6 percent, thereby remaining within Feldt's "dream" of 7 percent.

In the "Dala Uprising," which originated among mechanics at Scania in Falun and the ASEA in Ludvika, the demand is for at least a 15-percent pay raise for low-paid members and an entirely new redistribution policy in next year's budget--but also for an ideological shift in the entire party. There must be an end to the situation in which "those from above" and "those who got jobs in the apparatus" pursue a bourgeois policy far removed from what the voters on the floor want.

The Metalworkers union branch in Falun has always gone its own way since it was formed in the early 1970's. It has always made heavy demands, withan

emphasis on low wage earners. But with no response whatever from its democratically elected representatives at the top.

"The actual ideas in the manifesto were discussed by the guys for several years. The only problem was how we would get our message out to others. Because 2,000 metalworkers in Falun and Ludvika cannot think all that differently than the Metalworkers Union's other members, can they?" says Ake Wiklund, who hit upon the idea of issuing a manifesto to Dalarna's workers.

But reports of the "Dala Uprising" spread like wildfire through Sweden's factories and offices. And by now, employees in local government, real estate, paper mills, the lumber and forest industries, factories, and insurance--20,000 union members in all--have signed the demands.

Ake Wiklund says: "They are people who now see their chance to influence the decisionmakers. The response has been tremendously greater than we expected. We were taken totally by surprise when local unions from all over the country began showering us with telephone calls to say that they wanted to join in.

"We are certainly prepared to accept our social responsibility--we have been doing so for the past 100 years. But everyone has to do it, not just those who are worst paid. These ideas have existed for over 10 years, so they are completely feasible. But we are aware that it will be tough sledding. Clearly, we must have a budget that pays it way, but that is not achieved by a revised marginal tax based solely on the high salaries received by the decisionmakers."

As an example of how a new redistribution policy could be brought about, Ake Wiklund mentions new tax rules for the stock market, a new tax policy, a ban on municipal construction and new facilities for 5 years (the foreign debt would be completely paid off), new home loans paying interest of 2 percent to the state (instead of 16 percent to the banks), better protection of our natural resources and our know-how and education, better utilization of technology, and a tax on machinery rather than on people.

#### Defection

Many of the above ideas are those of the leader of Dalarna's new uprising. They developed during nearly 30 years in the Social Democratic Party [SDP] and in union work--although he has been active in both branches of the movement for only the past 12 years. But now it is all over. Last Wednesday he and deputy chairman Tony Soderberg gave notice of their resignation from the SDP.

"There is no reason to stay on and work in a party that is guided by values completely different than those of the working class. The Social Democrats have joined forces completely with big finance, and this new budget is only the latest proof of that. Now we are without a party, and it is a pity that there is no party founded on common sense," says Ake Wiklund, Dalarna's new Gustav Vasa, who, scarcely 500 years after his predecessor, is making the powers in Stockholm aware of Dalecarlian wrath. But this time with no trace whatever of a Stockholm massacre.

### Gustav Vasa

Although the taste for revolution is there, Wiklund is not a bit like Gustav Vasa and does not want to be compared to him. On the other hand, he strikingly resembles Metalworkers Union chairman Leif Blomgren, but does not want to be compared to "Blomman" either.

"It is not union big shots or politicians who should be talking about how tough things are for industry, since industry does that so well itself, while at the same time we get daily reports on steadily rising profits.

"And how can our wage increases affect industry's competitiveness? The money has already been earned. It is just a question of how big a share of the profit they will be allowed to bury in the ground to accumulate more interest.

"And what kind of profit is it when we on the production floor have to pay high taxes to pay the salaries of bureaucrats and portfolio holders who then have to pay high taxes to pay for our benefits?"

### Bureaucrats

During the entire time that one chats with Ake Wiklund, a former bandy and soccer star on the Falu BS team, he is constantly throwing out questions. He does not expect an answer, but one gets the impression that he is more interested in arousing reflection. He has been a Social Democrat, a molder of public opinion, and a champion in the fight against injustices "from long inveterate habit." He did not even think about a position in the union, but 11 years ago the group pressure at Scania became too strong. He ran for election and has been union chairman ever since, although he does not feel that an elected representative should stay on that long.

### Spark

"But you have to run when your pals demand it," he says, and despite his full-time union job, he tries to be down on the shop floor 90 percent of the time.

"That is where the ardor is, and one must never leave it."

At the moment, not much ardor is to be seen on Saab-Scania's shop floor in Falun. There is no great lack of feeling, although the spark is smoldering.

"Job satisfaction could clearly be even better, but we are not really complaining," says Timo Tamminen, who does piece work in the front spring assembly section.

"It is clear that we all support a lot of money for low-paid workers, but at the same time, there must be a little bit for the rest of us, too. Otherwise, we won't hesitate for a moment to go out on strike. And 'Blomman' can do something else with his 6 percent."

Feldt Defends Policies

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11

[Text] (TT)--Minister of Finance Kjell-Olof Feldt is not surprised at the debate within the SDP that has arisen over the government's budget and finance policy.

He is even inclined to interpret it as a sign that people have recovered the positive expectations concerning the future that were lost when the crisis was at its worst.

Feldt says: "The economy is going well again, and people are expecting their due share of the rising income. That is just what the government is promising.

"For the first time in 10 years, we now have a chance to collect higher wages. But impatience is obviously great, and at the same time, the citizens can see how speculators and corporate raiders are thriving in the stock market. So we are getting a debate that will be distorted and lopsided, generally confused, and not very constructive."

The minister of finance feels that the worker movement should now direct its collective efforts toward a price and production development that will permit the improved standard of living now within reach to become a reality.

Critics from his own ranks who feel that the government has been preaching austerity only to the wage earners while favoring capitalists hurt Feldt very much.

He says: "The fact is, of course, that the limited reforms we were able to include in the budget mean relief for those most in need. This is also the first budget in a long time not to put any squeeze on households."

The minister of finance also points out that the tax instruments have been exploited to the extent desirable.

VPK Chairman Perceives Advantages

Stockholm DAGENS NYHETER in Swedish 1 Feb 86 p 8

[Article by Ake Ekdahl]

[Text] The VPK [Left Party-Communists] sees a chance of benefiting from the atmosphere of revolt now brewing in the workplaces against the government's austerity policy. Speaking to his party board on Friday, party chairman Lars Werner made it clear that the VPK now has a chance to gain political advantages from the new political situation.

Werner said: "The broad resistance struggle that we have wanted and tried to create against both the nonsocialist governments and the current government

may become a reality, considering the way feelings are now growing. This opens up an opportunity to move politics to the left in a concrete way. That opportunity must not be lost."

In a lengthy speech, he reported on the government's budget and the reactions to it within the worker movement. In particular, he noted the intense and oppositional reaction by union spokesmen and quoted at length from statements by leaders of the national unions to the effect that the wage earners are being forced to tighten their belts while owners of capital are making profits on the stock market.

Werner noted: "The reactions from the national unions have been sharper than before."

#### Anger

He warned: "The question now is how we should assess the mood in the workplaces. There is disappointment and anger, that is clear, but that has existed before without resulting in actions or agitation. We have misjudged the mood, started campaigns, and failed all too often." He called for a discussion as to what action the VPK should take.

The response from the members of the party board was lengthy testimony from the workplaces, and it was especially emphatic from such crisis-ridden regions as Bergslagen.

Several local VPK organizations reported that Social Democrats had telephoned party offices to say that they were leaving the SDP and would be hoping from then on for more justice for the wage earners through vigorous action in Parliament by the VPK.

#### Injustice

Werner pointed out that the pay talks were formally concerned with wages, but that opinion in the workplaces and the wage negotiations may have several dimensions.

"The discontent has to do not only with wages, but also with constant price and rent increases and unfair tax changes," he said, and he added:

"Issues related to the redistribution policy will in all probability assume a prominent role in the immediate future. The wage negotiations are going to be a good deal more complicated than either the government or the SAF [Swedish Employers' Confederation] thought."

The VPK leader says that national union leaders have indeed expressed strong objections to the government's policy, but that the crucial factor will be local opinion and action out in the workplaces.

He recalled: "The workers have all too often heard strong talk and then seen that talk followed by poor agreements."

Werner's opinion is that Stig Malm and the other union leaders are aware of opinion in the local unions.

He also felt that the government should not be underestimated. Palme is no doubt aware of the latent forces that may be aroused and will surely try to neutralize criticism and calm people down. Werner saw one sign of this in the promise by party secretary Bo Toresson that there would be an emphasis on the redistribution policy this spring.

There is distinct optimism in the VPK leadership that it will be able to gain political advantages from the discontent in the workplaces. Werner expressed himself more cautiously, but in the same spirit:

"We have an intense political spring ahead of us--a time of possibilities and much work. The crucial issue is what kind of activity can be developed, how protests in the workplaces can be put together, how strong they can be, and how much pressure they can exert on the national union leadership, the LO leadership, and the government," said Werner.

He said: "The question, then, is how we, as individual party members and all together as a party, can and will act."

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POLITICAL

SWEDEN

CHINA ON WAY TO BECOMING BIGGEST AID RECIPIENT COUNTRY

Stockholm SVENSKA DAGBLADET in Swedish 31 Jan 86 p 6

[Article by Ola Sall: "Credits Provide New Market--China Becoming Major Aid Recipient Country"]

[Text] China is quietly in the process of becoming one of the biggest recipient countries of Swedish aid. China has requested a total of 1.3 billion kronor in Swedish aid credits for various modernization projects.

As recently as two weeks ago China presented a wish list for a loan of 900 million kronor by Sweden in the form of so-called soft credits.

The list, which contains 15 projects, is the latest stage in a rapidly growing cooperation between China and the Swedish aid agency BITS, the Commission for International Technical and Economic Cooperation. BITS furnishes so-called soft credits at very low interest rates, one-third of the amount of the credit being an outright grant. Those developing countries which are allowed to receive the favorable loans are committed to use the money to purchase from and contract with Swedish companies.

In the past 6 months BITS has concluded a total of 10 agreements on aid credits. Of these 7 were contracts with China. BITS officials are now looking over the list of 15 new projects. Furthermore they have earlier Chinese requests of approximately 400 million kronor which have not yet been decided upon.

"When the Chinese first approached BITS they thought that Sweden was a small country which could only contribute to small projects. But in the new wish list, not just small projects are involved," BITS director Ingvar Karlen said.

"China is exceptionally well suited for the type of cooperation we will engage in with developing countries. The country is poor but worthy of credit, that is to say, its debts are repaid," Ingvar Karlen said.

For competitive reasons, details of the Chinese list are secret until contracts are drawn up with Swedish companies. However, involved are ventures in the paper, energy, communications and forestry industries.

Thus far BITS has extended approximately 250 million kronor to China for such things as modernizing paper milling, telecommunications and plants for the production of fiber board, teleprinters, vegetable oils, soy milk and juice.

If all the Chinese requests under considerations by BITS are approved, this would mean 400 million kronor in outright grants from Sweden. The funds are to be expended over the next two to three years.

The amount may be compared to the country limits in SIDA's program countries which are an average of 175 million kronor per country per year. Tanzania receives the most of the program countries, 475 million kronor.

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MILITARY

EUROPEAN AFFAIRS

BONN ANTICIPATES MASSIVE EUROPEAN HOWITZER SALE TO INDIA

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 24 Jan 86 p 20

[Article by spi: "Bonn Checks Out Armaments Deal with India: German-British-Italian Consortium Supposed to Deliver Weapons System for Six Billion Marks:]

[Text] Duesseldorf/Bonn-- The Federal Republic of Germany is prepared to aid India in the modernization of its army. Agencies in the Bonn government are currently checking out details of a German-British-Italian joint offer to New Delhi to deliver armaments valued at about five to six billion marks. They don't expect to be turned down.

According to the current memorandum of understanding disposition of the semi-automatic field howitzer "155-1" artillery weapons system is classified as "trilateral." This means no one government can act alone in this kind of joint production to block the export intentions of any other contracting state. A similar large-scale project between the Federal Republic and Saudi-Arabia was made public recently. Bonn also signaled its basic agreement to this deal at the end of last year.

Duesseldorf defense contractor Rhinemetal's spokesman Gerkrath responded to an inquiry stating that a similar offer has already been prepared for India under the technical management of the British company Vickers. The offer involves primarily the delivery of "several hundred" state-of-the-art semi-automatic NATO 155 millimeter caliber field howitzers. In addition India is apparently interested in a licensing agreement to manufacture this weapon, which they have been deploying since 1976. India is supposed to want an additional thousand system units. They don't expect any payment problems.

The German companies involved in the project will get about a 60% share of the production value for the manufacturing project. In addition to Rhinemetal (the company supplies pipe and loading equipment, among other things), Faun (auxiliary drives), VW (automatic drive engines) and Leitz (sight optics) are among the largest German contractors. In addition to these, MAN is supposed to be interested in the tractors needed for longer-range overland transport. British Vickers is building the gun carriage, and the Italian company O.T.O. Melara has responsibility for the so-called cradle.

The guns are worth two million a piece. In addition to the tractor vehicles, the Indians also want to order sufficient munitions and replacement parts. All together this comes to a delivery value of about four billion marks. They are also supposed to be ordering supplementary defense material such as electronic fire control systems with majority participation by German companies.

The value of this equipment is supposed to come to almost another two billion marks, but the amount has not yet been confirmed.

Current competition for the major contract still includes France, Sweden and above all the Austrian state-owned company VOEST. However, observers give the best chances to the joint German-British-Italian offer--officially represented by the state-owned British company "International Military Service (IMS) of London--although it is supposed to be significantly more expensive than the competition. The system includes a special "family of munitions" developed for this project including explosive, smoke and flare shells.

With this major order the Indians presumably are also guaranteeing themselves an option for completely new so-called smart munition. German companies with defense and electrical-engineering orientation are involved on the leading edge of this research. For all practical purposes, the 10-ton "FH-155-1" canon, with its rated maximum range of 30 kilometers--many experts even talk about over 40 kilometers--, just serves as a transport vehicle for the shells, which are equipped with micro-computers.

The military values the FH 155-1 because of its high accuracy and fire power, but also on account of its enormous mobility and speed. It is capable of putting out six shots per minute with semi-automatic loading. Since there is a 1.8 liter 53 kW VW engine built into the carriage, it can be maneuvered over short distances, even in difficult terrain. It can reach a speed of 16 kilometers an hour and handle 34% grades and water hazards up to 1.5 meters deep on its own power. It is supposed to take only two minutes to prepare the gun for firing after changing positions.

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CSO: 3620/566

MILITARY

EUROPEAN AFFAIRS

UK DESIGN CHANGES IMPERIL TAKEOFF OF EFA FIGHTER PROJECT

Bonn DIE WELT in German 7 Feb 86 p 1

[Article by Ruediger Moniac: "Euro-Fighter Encounters Turbulence before First Takeoff: British Military Wants to Change Current Design"]

[Text] Bonn--After the turbulence of the last year, the development of the European fighter aircraft threatens once more to wander into the danger zone. The so-called EFA-project (European Fighter Aircraft), on which Great Britain, Italy, the Federal Republic of Germany and Spain have been collaborating, is endangered by British industrial and military circles that are trying to exert pressure on their government. They want to change the agreed-upon concept of a light fighter aircraft called the "Euro-Fighter" in favor of development of a heavier, long-range interdiction fighter-bomber.

The Defense Ministry in Bonn has already warned the new British Defense Minister George Younger in writing against any such changes. Minister Manfred Woerner is determined to scrap the EFA project if London gives in to its armed forces' requests for changes. Woerner also wants to tell this to his new ministerial colleague week after next when Younger meets with Woerner after visiting British Rhine Army troops in the Federal Republic.

In the meantime, parallel to this situation, it looks as if the possibility exists for cooperation between the countries involved in the EFA project and France, which had declined to take part as a fifth partner because of the advanced planning already done on its own "Rafale" aircraft design. During the Franco-German consultations in Bonn in November, Francois Mitterand broached the subject with his subsequent offer of up to ten percent French participation in the Euro-fighter. Yesterday high officials of the four ministries met in Bonn on a German initiative to try to formulate a response, which they want to submit jointly today in Paris. They are thinking in terms of an agreement for development of components which could be used in both the Euro-fighter and in the French aircraft design.

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MILITARY

EUROPEAN AFFAIRS

RISING COSTS, DELAYS STALL FRANCO-GERMAN ATTACK HELICOPTER

Munich SUEDDEUTSCHE ZEITUNG in German 19 Feb 86 p 4

[Article by Alexander Szandar: "Only Costs Rise in Helicopter Project: Joint Franco-German Production Can't Get Off the Ground"]

[Text] Armaments State Secretary Manfred Timmermann reported recently to the Defense Committee of the Bundestag that the venture to build an anti-tank helicopter together with France has become an "irritating project." This comment was a euphemistic understatement. The project is turning into a fiasco. In the interest of the taxpayers and the military, it should be broken off before prestige considerations prevent it.

Due to a cost explosion and significant delays this is an obvious imperative. The German army hasn't requested this course of action yet because they are apparently afraid that this could be misunderstood as an attempt to question the oft-cited "primacy of politics." It was Federal Chancellor Helmut Kohl and President François Mitterand who agreed to build the helicopter on 25 Nov 1983.

At the time Kohl was patching things up after the joint attempt to develop a combat tank had failed. The Defense Ministers thought that they could still unite the widely divergent ideas of the German and French military experts at a common level. They haven't had any luck yet. Past experience has shown, however, that the military groups have to be in agreement if a project is going to succeed. Therefore it wasn't very smart for Kohl and Mitterand to make solemn declarations in public, citing the helicopter project as a manifestation of defense cooperation in general and strengthened Franco-German friendship in particular. They also ignored the tendency of industry to submit optimistic initial cost estimates in order to make a project palatable. Then, once there is prestige invested in the project, they could always--up until now--push through additional demands from federal coffers.

Timmermann had to admit that the helicopter version for the German army wouldn't be ready for deployment before 1995 at the earliest, three years later than was agreed upon in 1983. Industry has backed off from its promises. The undersecretary was no longer willing to venture a cost estimate. Specialists in the Bundestag have calculated that the German share in development costs alone will climb from 900 million to 1.5 billion marks. There has been an equally dramatic jump from a previous maximum of 3.2 billion marks for the estimated cost for acquisition of 212 helicopters.

Now they are trying to figure out in the Defense Ministry whether they should reduce their requirements or specify a maximum amount and see how many helicopters they can get for it. This is certainly the wrong way to go if the chief concern is strengthening tank defense. It would actually be better to enter into a licensing agreement to build American or Italian products, which are already currently available and which meet German requirements. This would assuage the concern to utilize German industrial capacity, which is always a consideration in the defense budget. Above all it would prevent dangerous effects on Bundeswehr armaments and financial planning and head off any threatening collision with other expensive armaments projects. Besides, Franco-German cooperation wouldn't suffer any permanent damage if Kohl and Mitterand could amicably agree at their next summit at the end of February to bury the helicopter.

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CSO: 3620/564

MILITARY

AUSTRIA

LOST EXPORT MARKETS LEAVE 190 KUERASSIER TANKS UNSOLD

Munich SUEDDEUTSCHE ZEITUNG in German 12 Feb 86 p 10

[Article by Wolfgang Simonitsch: "190 'Kuerassier' [Tanks] in Stockpile. Tanks Which Nobody Wants To Buy. Continued Controversy Over Austria's Deficit-Ridden Armaments Industry. Government Must Cover Losses"]

[Text] Vienna, 11 February. Austria's arms deals, in dispute at home for years between ideologists of the Left and Right, have reached new dimensions: Because public prosecutors are investigating the semi-public Steyr-Daimler-Puch Company to ascertain whether it did in fact build a munitions factory in Iraq in 1982 and thus violated the law on the "export and transit of war materiel" and the judiciary is examining whether the state-owned VOEST-Alpine has also evaded this law by selling hundreds of cannons to Iran via Libya, questions of principle are being discussed in Vienna: Should arms production be discontinued, or should, as a way out of the dilemma, the law on arms exports be changed and become more permissive?

Two groups got in each other's hair: Moralists and pacifists, a comparatively small, but influential group, condemn arms production generally. Their numerically far superior opponents are pragmatically oriented, they ask why one should leave this lucrative business to other countries, instead of relaxing the law to such a point that arms exports flourish. Among the adherents of this thesis are perhaps Minister of Justice Harald Ofner (FPOe) [Austrian Freedom Party] or the head of the parliamentary group of Christian trade unionists, Robert Lichal (OeVP) [Austrian People's Party], who advocate it in public. Both have met with an at least temporary rebuff. Minister for the Interior Karl Blecha (SPOe) [Austrian Socialist Party] opposes the idea because, as he said, a more liberal law would shake the credibility of Austria's neutrality. Chancellor Fred Sinowatz (SPOe), too, who blames the most recent scandalization of Austrian arms deals on foreign competitors, confirmed that the arms law would remain untouched, but arms production, too, he indicated, is to be preserved since it is important for economic reasons and for the Austrian Federal Army.

Forced on Austria's Own Army

Thus the problem remains on the agenda. For the demand of the Austrian Federal Army for products from the mostly public arms factories has largely been covered since the mid-1970's. They purchase [as published] at most just a

fourth of what is produced in the country. And even this at times unwillingly, as for the last time in 1983: At that time, the army had to acquire 96 Kuerassier Tanks at the suggestion of the minister for finance in order to save the producer, Steyr-Daimler-Puch, who time and again is calling for state tank purchase guarantees, from going bankrupt. Since the demonstrations in the summer of 1980, when Vienna was inundated by protests against a planned export of tanks to Chile and in the end the deal was stopped by the Vienna government, Steyr--with the exception of armored personnel carriers to Greece and Nigeria (and 51 Kuerassier Tanks to Argentina in 1981, which then were paid for only in part), has not supplied any tracked vehicles abroad. Last year, the state had to make available from tax revenues an amount, in converted figures, of nearly 2 million marks, declared as contingent liability, for Steyr because 190 tanks are sitting in the overloaded plant stockpile and cannot be sold.

The remaining arms business is also moving at a tedious pace, and for this there are various explanations: Some claim that the arms export law of 1978 on the Swiss model (it was hurriedly passed after the scandal over "sporting guns" for Syria, which forced the then minister for defense Luetgendorf to resign) is responsible for the poor foreign business. Since then, arms exports are, as a matter of principle, dependent on the consent of the government and cannot go to a country that is involved in armed conflict, is threatened by tension, or violates human rights. The rather vague law led to the fact, it is said, that in Austria every planned arms sale, which the different ministries appraise (which facilitates the information of the public through discreet hints) degenerates into a tug-of-war of the arms opponents and the arms advocates. This, it is said, results in highly illogical transactions: Libya is supplied, but Morocco is not, Bolivia receives tanks, but Argentina does not--depending on who happens to be stronger at the moment, the Left or the Right. As a result, it is argued, the reliability of Austria as a supplier of arms has suffered, also because no buyer country is particularly anxious to gain international notoriety as weapons purchaser through heated and noisily conducted debates in Vienna or be caught without ammunition and repair kits in case of war.

#### Where the United States Does Not Supply

Others explain the low point of the Austrian arms business sooner historically: Austria, which involved itself more strongly in the arms market only in the mid-1970's, it is said, until 1980 time and again profited from various arms embargoes of the Americans, say against Latin American countries. In the era after President Carter, however, it is argued, hardly any opportunity offered itself to Austria to step into the embargo breach as arms supplier. Since then, so the argument goes, it is essentially a dubious clientele which is preponderant, a clientele which, to be sure, orders, but then cannot pay. A number of deals with countries of the Third World supposedly fizzled because the state control bank of Vienna called into question the financial soundness of the buyers and refused to grant export guarantees. The control bank, it is said, learned from the fact that in the case of Austria's arms deals with, say, Argentina, Bolivia and Morocco, which go back quite some time ago, it had to cover a part of the assumed risk with hard cash.

A study to be published next week is likely to provide an impetus for new discussions about the sense and senselessness of Austrian arms production. A team around the Vienna economist and university professor Alexander van der Bellen, by order of the minister for science and research, Heinz Fischer (SPOe), had taken up the subject of "armament conversion". The scientists were to ascertain the volume of arms production (which does not appear in any statistics) and examine possible alternatives of the conversion of military to civilian production. They assumed that 185 companies in Austria (90 percent of them state enterprises) are active in the military sphere, 32 as armament producers in the narrower sense. These 32 companies (15,000 employees) have annual sales of armament goods valued, in converted figures, at 55 million to 1.5 billion marks. "If it had not been for the prohibited arms deals with Iraq and Iran, they would be bankrupt long ago," says one of the authors of the study. For this reason, so the argument goes, it is assured that the Vienna government cannot for long avoid the problem silently and will be able to choose only between two alternatives: Either stop the production of arms--or ease arms exports.

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CSO: 3620/565

MILITARY

DENMARK

NEWSPAPER, PRIME MINISTER DEFEND CARRINGTON'S CRITICISMS

'Footnotes' Naturally Disturb Allies

Copenhagen BERLINGSKE TIDENDE in Danish 22 Dec 85 p 14

[Editorial: "Sensitive Footnotes"]

[Text] Lord Carrington, NATO's general secretary, is both a friendly and a wise man, as well as (considering his many years of experience as England's foreign minister) an extraordinarily diplomatic man. He knows whereof he speaks, and he doesn't make slips of the tongue. The excitement surrounding his observations concerning Denmark cannot be attributed to faulty formulation on his part, but rather to faulty understanding on the part of the security-policy 'sensitive plants' surrounding Lasse Budtz.

Carrington made a speech in Karlsruhe concerning the conditions for political cooperation within NATO. One such condition is the desire to understand each other and to keep in touch with each other; in addition, constant efforts by all concerned parties are necessary if the wheels are to be kept turning. He has observed a European tendency to think that mutual consultations are nothing more than something which binds the Americans to continuously rework their foreign policy within the alliance, while the Europeans can do whatever they want. He found it awkward when Greenland made an appearance among the neutral and non-aligned nations in security-policy appeals to the US and the Soviet Union; when a majority of the Folketing stated its objections to parts of NATO strategy; and when the big opposition parties in England and Germany considered doing the same thing. One could comfort oneself with the obvious fact, he said, that the defense policy of a democracy neither can nor should be immune to the political process. New ideas should be heard and tested through debate; and it would be highly desirable to have contacts between East and West become something more substantial than the exchange of ballet-dancers. But he was concerned about the tendency of a number of NATO nations to skim over the necessary cooperation among political factions when it came to the main issues of foreign policy and defense policy. This can have a direct weakening effect on the Western position in the disarmament negotiations, because it can tempt the Soviet leaders to believe that they will have an easier time after the next election, or after the next one after that.

If Lord Carrington should not be allowed to express opinions such as these, then we should be asking ourselves whether NATO ought to have a political general secretary at all. Moving away from cooperation among political factions in security policy weakens the decision process in many places in the West, and now that the majority of the Folketing has insisted on commenting by means of a series of footnotes (since things have come so far here), we can hardly be amazed that our allies have noticed the fact, nor can we be shocked that NATO's general secretary chooses to comment on it. The goal of the Budtz-inspired demonstrations must have been to attract attention and amazement. So why are people so surprised when that happens?

Schluter Rejects 'Pressure' Charges

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jan 86 p 2

[Article: "No Reason to Take Offense"]

[Text] Denmark's prime minister does not think that NATO's general secretary has embarrassed Denmark in his remarks in Frankfurt. Prime Minister Poul Schluter does not believe that there is any reason to take offense at the remarks which Lord Carrington, NATO's general secretary, made last month in a speech in Frankfurt.

This is what the prime minister said in a reply to Kjeld Albrechtsen (Left Socialist Party). Albrechtsen had wanted to know what the NATO general secretary had meant by saying that the interests of Denmark and other NATO nations can be disregarded.

In his reply, the prime minister said that Lord Carrington, to judge from the transcripts of the speeches, had said that it could cause problems for the alliance if a number of member nations decided to take exception to current common practices in foreign policy and security policy.

The prime minister does not think that the speech can be construed as an attempt to put pressure on Denmark. Moreover, he would welcome it if the Folketing's security policy committee would take up the matter with the general secretary next month, when the committee visits Brussels.

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MILITARY

DENMARK

LIBERAL MP: DEFENSE COMPROMISE ENDANGERED BY LEFTIST PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 11 Feb 86 p 7

[Article by Helle Ravn Larsen and Jesper P. Jespersen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Of course the defense compromise stands firm, but the new realistic ideas the Left-Socialists [VS] have about supporting NATO membership are interesting, according to Budtz. Bjorn Elmquist (Liberal) said that the nine-point VS security program would lead to Danish withdrawal from NATO.

"It is noteworthy that VS appears to be approaching the Social Democrats on NATO policy. The fact that VS wants to use NATO for political purposes could make VS even more dangerous. The consequences of approving the VS policy would be withdrawal from NATO. The Socialist People's Party [SF] understands that, but apparently Knud Damgaard (Social Democrat) does not."

Bjorn Elmquist (Liberal [V]) made this comment on the support Social Democratic defense policy spokesman Knud Damgaard indicated for the nine-point security policy program that was prepared by Klavs Birkholm of VS.

VS supports NATO membership but wants to renegotiate the air reinforcement agreements. The agreements establish rules for how Denmark will support and reinforce American planes to be sent here in case of a crisis or an open conflict. A renegotiation of these agreements next year would be a breach of the defense compromise the Social Democrats arrived at with the government coalition parties.

However Knud Damgaard lacks support for his approval in the Social Democratic Folketing group. The party's foreign policy spokesman, Lasse Budtz, said that Knud Damgaard has been somewhat misinterpreted, but stated:

"I can safely say that we have no plans to violate the defense compromise. We intend to have a defense system and we intend to be associated with NATO. At the same time we want a nuclear-free zone, but the two things can be reconciled very easily. We will not violate the compromise but we would like to discuss the VS program," Lasse Budtz said.

He described the nine-point program as very interesting and said it indicates a shift in VS and a new realistic way of thinking that he would like to discuss with the party.

Anne Grethe Holmsgaard (VS) said that it came as a big surprise to her that Knud Damgaard agreed with the points in the program. "But it shows that some changes are taking place in the Social Democratic Party," she said, while conceding that Klavs Birkholm was the person responsible for the nine-point program. It has not been discussed by the VS Folketing group and is not on the agenda of the party congress to be held at the end of the month.

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CSO: 3613/72

MILITARY

DENMARK

DEFENSE MINISTER: PROBLEMS REMAIN DESPITE POLICY COMPROMISE

Copenhagen AKTUEL in Danish 13 Feb 86 p 9

[Text] Copenhagen--The defense compromise did not represent a final solution to basic defense problems. The need for materiel renewal in vital areas was not met.

That is Defense Minister Hans Engell's opinion of the defense compromise he helped bring about. The criticism can be read in the minister's annual report to the Folketing Defense Committee.

Hans Engell (Conservative) is still critical of personnel cuts, mounting problems in relation to materiel renewal, dwindling stockpiles and an inadequate level of activity. But he added: "It has been possible on the basis of rationalization measures, reorganization, the recycling of materiel and the feeling of great loyalty to the community served by the military to maintain an effort that can be described as credible."

The defense effort is still some way from the point where Denmark's NATO allies would no longer feel justified in sending reinforcements here, Hans Engell asserted: ""But it is equally clear that unless we manage to create support for military needs in the years ahead we will simply be putting off dealing with a great many problems that could be almost impossible to solve later on."

Today peacetime military forces include 31,300 men plus 9,300 civilian employees. That is a drop of 10,000 people compared to 1970. However the wartime force level has declined by a smaller amount, from 104,000 in 1970 to around 98,000.

The last defense compromise placed greater emphasis on the efforts of conscripts and the period of service for combat and engineering troops has been extended from 9 to 12 months. This change has not yet gone into effect and the distribution between enlisted men and conscripts has not yet been specifically determined.

Up to the end of 1989 there will be a gradual conversion of units to enlisted units serving under 2-year contracts, e.g. enlisted men and conscript units with 1 year of service, the report said. The first call-up for 12 months of service is scheduled for April.

MILITARY

FINLAND

PARLIMENTARY DEFENSE COMMISSION URGES LAND FORCES EMPHASIS

Helsinki HUVVUDSTADSBLADET in Swedish 21 Jan p 16

[Article: "Armed Forces Pin Faith On Land Forces In 1987-1991"]

[Text] The continued modernization of land forces characterizes the Defense Ministry's plan for the years 1987-1991. Close to one-half of procurements in this period will be invested in land forces.

The personnel situation is a source of concern, and the military authorities have not succeeded in following the recommendations of the third parliamentary defense commission. Accordingly a personnel increase ought to occur more rapidly than before. Reserve exercises will be increased as well, and it has been proposed that reservists' pay should be increased. Overall 31.4 billion markka are being allotted for the defense of Finland over the next 5 years if the Ministry's basic plan is carried through. The Ministry is also proposing a more rapid modernization plan which would cost 34 billion markka.

In broad terms, the plan is based on the report of Parliament's Defense Commission and on the appropriation level in this year's national budget.

It is estimated that the basic plan includes a real annual increase in military expenditures of 3.3 percent.

Next year military defense will cost slightly more than 5.9 billion markkas if the plan is carried out. In this year's budget slightly more than 5.1 billion is allotted.

Of the future procurements, 48 percent will be devoted to land forces. The air forces will get slightly more than one-quarter and naval forces a bare one-fifth. Seven percent remains for general arms procurement.

Costlier Armament

The Ministry points out that armament is becoming even more expensive. Prices are climbing much more rapidly than is generally the rule. This so-called technical price increase is estimated to be approximately 5 percent per year as against two percent heretofore.

The extent of home labor in the procurements of the armed forces is approximately 38 percent. The employment effect is approximately 9,100 work years. If the employing effect of Soviet imports is included, the figure rises to 15,000 work years.

The plan gives no further particulars about what will be acquired over the next 5 years. There is only discussion of needed on going and new acquisitions.

The Ministry says that the defense system's performance capacity is deteriorating because of both quantitative and qualitative shortages. These are to be found in the command and guard systems, in the land forces' tactical and operational flexibility and fire power, in the naval forces' mining and surface combat capacity, and in the coastal defense's flexible weapons system. In addition there are shortages in air force headquarters' materiel, in combat materiel and in equipping bases, including anti-aircraft capability.

Within the land forces, modernization proceeds, among other things, by arming the infantry and with armored vehicles and field artillery. Within the navy, guided boats are still of interest, as in the modernization of the coastal artillery. Within air force, among other things, a continued strengthening of anti-aircraft defenses and the acquisition of new fighter planes are being completed.

#### Personnel Shortage

As for the personnel question, the defense forces now lag behind the recommended rate of increase by almost 30 percent. During the present period 1,000 persons is an absolute minimum. As an example, the new Helsinki-class guided boats cannot be put into operation without more personnel.

The personnel shortage is said to be one of the armed forces' most severe problems.

It is estimate that the number of recruits will decline from approximately 34,000 to 31,000 during the 5 year period. There will be accordingly be no increase in expenditures for their upkeep. On the other hand, a more rapid increase in the daily wage rate is being suggested; according to the recommendations this rate is currently lagging behind by 9 percent.

For the salaries of reservists called up for active duty, 100 million markka are needed so as to increase these salaries by 50 percent. As things currently stand, one-third of reservists called up for active duty have to refrain from participating in exercises owing to economic hardships.

Main war exercises will beheld in 1988 and 1990.

#### Foreign Policy

According to the plan, the defense forces' aim as apart of Finland's security policy is to support the country's foreign policy efforts to stay out of war

and armed conflicts. If the efforts fail, the country's integrity would be protected with weapons and in the worst instance with war it is said.

The defense forces' capacity to perform should be adjusted to the prevailing military policy situation, the general military and war-related technical development as well as military measures by the neighboring states in Northern Europe, the Ministry states.

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MILITARY

FINLAND

## CONSTRAINTS UPON MILITIA TRAINING, MOBILIZATION CAPABILITIES

Lausanne REVUE MILITAIRE SUISSE in French Jan 86 pp 6-9

[Article by Division Commander Denis Borel: "Predominance of the Militia in Finland"]

### [Text] 1. Overall View

1.1. The author of this article has already devoted a number of texts to a brief description of the various forces made up or with a heavy component of militiamen (in Switzerland, Austria, Sweden, South Africa and Norway), which have been published in the REVUE MILITAIRE SUISSE.

The series is completed and ends with this article pertaining to the land forces of Finland. In that nation, the troops in what is generally termed the standing army total about 30,000 men, while the militia component seems likely to include units of several hundred thousand men.

1.2. We propose to see whether the standing army may not be more of a complex of educational units than a rapid intervention force, and to study the problem which it is indeed difficult for the Finnish people to resolve--ensuring militia units which are truly capable of immediate action upon mobilization, when the total length of the practice sessions is only 40 days, distributed over a period of more than 30 years, for ordinary soldiers (100 for commissioned officers, and 74 for noncommissioned officers).

1.3. Finland has won our admiration by the way in which it faced up to its powerful neighbor in 1939-1940, and then in 1941-1944. Indeed it was forced to lay down its arms and yield portions of its territory on two occasions, but it was spared enemy occupation. The peace treaty imposed on it by the USSR included strict limitations on military strength. It does not have the right to have permanent land forces in excess of 34,400 men, to have more than 60 combat aircraft or to maintain a navy other than for coastal defense, with a land-based artillery component.

However, the people of Finland take their defense very seriously, although their financial resources are modest. Like the Swiss, they want to avoid giving the impression that their country represents a military vacuum which a neighbor might be tempted to fill before someone else does.

1.4. All ablebodied citizens reaching the age of 20, out of a population of 4,800,000, receive 8 months of training as soldiers, and then join units in which they remain until at least the age of 50. The contingent of men between 51 and 60 years of age, moreover, can be mobilized as well, in case of need. It can be estimated that 32,000 soldiers and noncommissioned officers are trained in the land army every year. By way of comparison, let us recall that in Switzerland, there are 6,400,000 inhabitants, including 5,500,000 Swiss citizens, and 36,000 recruits are trained there annually for the land and air forces. Of this 36,000, 4,000 are subsequently promoted to and retain the rank of corporal, while 2,500 are promoted to a higher noncommissioned or commissioned officer's rank.

1.5. The people of Finland are indeed fond of saying that they have 700,000 trained men between 21 and 60 years of age (Switzerland has 625,000 men between 21 and 50 years of age in its units).

1.6. It is on the basis of the above figures and some others pertaining to the numbers and strength of the units that the comments which follow have been drafted. Differing figures must always be interpreted in order to find a plausible explanation!

## 2. Permanent Operational Troops or School Units?

2.1. The information gleaned from nonclassified documents justifies the assumption that the standing army is made up of: one mechanized regiment, one regiment of light infantry (guerrilla warfare troops) and six infantry regiments, all of which are called brigades; seven battalions of independent light infantry, two artillery regiments, and two autonomous artillery groups, as well as command and service units.

2.2. These units include approximately 9,000 career soldiers, about 5,000 conscripts engaged in 11 months of training as group or section leaders, and the two thirds of the other 27,000 conscripts called up by thirds every 4 months, or in other words 18,000.

This yields a total of some 32,000 men, for an authorized strength of 34,000.

2.3. It is reasonable to assume that of the 9,000 career soldiers, 3,000 are assigned to the higher general staffs and the services on the army level, 3,000 are distributed among the units of recruits, and 3,000 might constitute rapid intervention units.

2.4. In Switzerland, the training of soldiers and cadres takes place in schools, the contingents in which never represent operational units. In Sweden the schools bear the names of the old regiments from the days of the standing army at the beginning of the century. The Swedish military authorities believe that the units of recruits could, if needed, be assigned to active service as of the second half of the seven-and-a-half month school course for recruits.

The training of young Finns in the regiments and battalions or autonomous groups involves a basic instruction period of 2 1/2 months, a 4-month period devoted to acquiring the ability to use a weapon, missile or vehicle of a given type (alone, or in a team situation) and ends with a period of combat training in a company or battalion lasting a month and a half. One might presume that only the units of recruits which have reached this last stage of training might be used as intervention forces. This means that in addition to the 3,000 career soldiers who could constitute a permanently available first striking force, there would be on four occasions during the year, and for 6 to 7 weeks, a contingent of some 12,000 men (9,000 recruits, 2,000 cadres, and 1,000 career soldiers distributed in the units) to which one could have recourse in the event of a threat (see chart).

Let us assume, however, that the Finns might believe that the recruits with 4 or 5 months of training would be capable of strengthening the frontier guard corps, in small units, or protecting equipment depots, bridges, tunnels, etc.

2.5. The standing troops thus have many more schools in peacetime than the rapid intervention forces. There are, moreover, contingency plans for making them operational in the event of danger by assigning to them two age groups of trained soldiers, probably the youngest, such that the brigades would then comprise four battalions and one artillery group.

### 3. The Difficulty of Training Large Militia Groups

3.1. It seems to have been determined that the units established, supplied with equipment and capable of mobilization (not including the standing troops to which trained soldiers have additionally been assigned) include about 12 mobile regimental groups (which can be estimated at  $12 \times 6,000 = 72,000$ ) and about 120 regional battalions (about  $120 \times 1,000 = 120,000$ ).

This yields a rough total of 200,000 men. If we add the 50,000 assigned to the standing troops, we obtain a total of 250,000.

There should thus be enough of these men, in addition, to staff the local guard posts, if Finland really does have the resources to equip and arm so many soldiers. (Only 30 percent of the defense budget is allocated to investments, while in Switzerland the figure is 48 to 52 percent.)

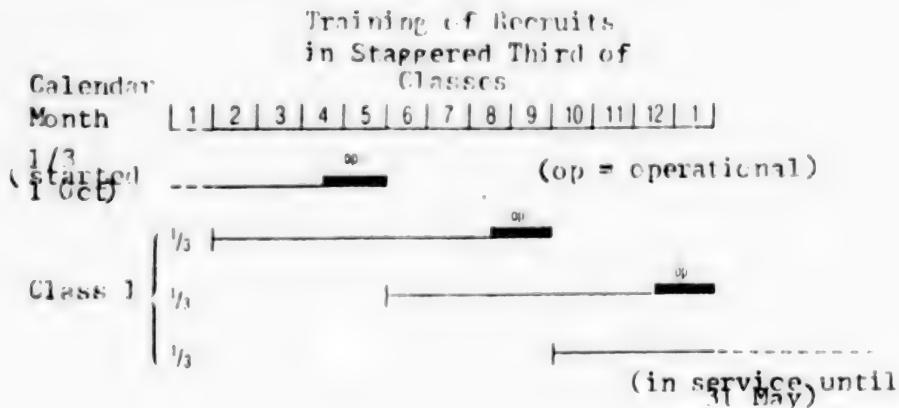
To provide commanders for the troops, Finland does indeed seem to depend basically on career officers, each of whom is prepared to move up one rank in the hierarchy in the event of mobilization for war (meaning that companies will then be commanded by lieutenants, battalions by captains, etc.). There seem to be few militia captains.

3.2. One can presume that the two youngest age groups (men 21 and 22 years old) which can be mobilized within the framework of the standing troops will not be called up for practice courses. We know, moreover, that Finnish soldiers can no longer be called up for training purposes after the age of 50. During the 28 years of membership in a militia unit, therefore, a simple soldier may only be called up for a total of 40 days (the comparable figure in Switzerland is 210).

3.3. How can this limited period of service days be best exploited? If one wants to carry out tasks of a somewhat substantial duration, one could opt for three courses of 2 weeks each (one every 9 years). If frequency is deemed of primary importance, a plan for six courses of 1 week each (one every 4 to 5 years) would be preferred. In other words, the authorities in Finland must choose between alternatives with major inconveniences.

3.4. Moreover, there is reason to think that financial considerations reduce the actual length of service demanded of each soldier to less than 40 days. We read in some sources, in fact, that only about 30,000 men are called up annually for a practice course (the number in Switzerland is at least 10 times this). Now if the plan calling for three courses of 2 weeks each were implemented, more than triple this number would have to be called up, and if the plan for six courses of 1 week each were chosen, five to six times as many.

3.5. Let us not forget, however, that the people of Finland are men of character who are enamored of independence and accustomed to a harsh life. They could amaze us in the future, as they did in 1939, with a spontaneous defensive capacity.



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MILITARY

NORWAY

STRAY URGES NATO TO MEET CHALLENGE OF USSR ARCTIC BUILDUP

Oslo AFTENPOSTEN in Norwegian 19 Feb 86 p 3

[Text] The resolution in the Troms Labor Party and a proposal coming up in the Oslo Labor Party are probably the reasons why Foreign Minister Svenn Stray recently, in a speech before the Stavanger Defense Union, warned against demanding a statement from naval vessels entering Norwegian ports that they are not carrying nuclear devices.

In the speech, Stray said that it has never been the Norwegian position that fleet visits by allied or other vessels with possible nuclear weapons on board would be a break in Norwegian nuclear policy. The Foreign Office leadership thinks, according to what AFTENPOSTEN has learned, that it is time to give this warning, particularly since the organization, "No to Nuclear Weapons," is beginning a campaign aimed at getting as many Norwegian communities as possible to demand such a "nuclear guarantee."

Although there has never been any stated condition on the Norwegian side concerning incoming vessels, Stray said that the present government has assumed that both allied and other nuclear powers will respect the limitations Norway has on its nuclear policy. Stray maintained that if Norway should try to change the practice of the nuclear powers by making them either confirm or deny that their vessels are carrying nuclear weapons when they enter Norwegian ports, it would create considerable unrest both in our relations with our neighboring countries and with our allies. According to the foreign minister, a new policy would make it more difficult or even impossible to maintain relations and to carry out exercises with allied naval forces.

Soviet Control

Foreign Minister Stray dealt especially in his speech with the defense and security policy problems in the north created by the strong Soviet fleet buildup on Kola that has taken place throughout the 1970s up to today. He stressed the importance for the Western alliance of being able to neutralize Soviet power in the Norwegian Sea, a power that could threaten the sea lanes connecting North America and Western Europe. Therefore allied naval presence in this area is of utmost importance.

"What some people have suggested recently, that NATO should passively accept increasing Soviet activity, cannot be correct. It would be unfortunate if we did not react to this development. We cannot close our eyes to the consequences, including the political ones, that will result if the Norwegian Sea is turned over to Soviet dominance," the foreign minister said.

MILITARY

NORWAY

ALL ARMED FORCES BRANCHES TO GET NEW MATERIAL IN 1986

Oslo AFTENPOSTEN in Norwegian 21 Feb 86 p 6

[Article by Thorleif Andreassen]

[Text] "I should like to warn against the idea that we have a bad defense force. Of course Defense Chief Fredrik Bull-Hansen does not think so, either," Storting Representative Thor Knudsen (Conservative Party) said in an interview with AFTENPOSTEN. Knudsen says that it is fortunate that 1986 will be a year of large military acquisitions in all armed forces branches. "The procurement program will also continue the following year. There may be purchases of material at the rate of three billion kroner a year."

AFTENPOSTEN: Do you agree with the claim that Norway's relative defense capability has been weakened in recent years?

Knudsen: In my opinion, we are facing difficult problems of definition here. It would, for example, be of little significance to speak of Norway and the Soviets in an isolated connection. Norway is one part of the Western defense alliance, and therefore it is quite natural to consider Norway's place within NATO on the one hand and in relation to the Warsaw Pact on the other.

AFTENPOSTEN: Do the professional military men want a larger real budget growth?

Knudsen: We cannot avoid the fact that before the Willoch government took over in 1981 real budget growth was unfortunately not achieved. Therefore it has been gratifying to note that real budget growth over the past four years has been much better. On the average it has been about three and a half percent. This is of great significance for the whole defense system.

Right and Duty

Thor Knudsen, who is a member of the Storting's defense committee, says that the defense chief has both the right and the duty to present his professional military advice on the defense budget. "I should say so! But it is also clear

that professional advice must be the subject of evaluation by the department and the political leadership, and finally, by the government and the Storting."

More Rapidly

AFTENPOSTEN: Are you satisfied with a growth in the defense budget of 3.5 percent?

Knudsen: No, I would like to have a larger defense organization, particularly so that material deliveries might be received more rapidly. On the other hand, the Lagting president has made a list of positive developments in defense. Preparations for storing heavy material for the American Marine units has gone quickly. The new HAWK system will be installed at airports as early as next year. The updating of the Navy's escort vessels means a lot. We will receive six new submarines, and the old ones will be modernized. It is of great importance for the Air Force that the F-16 aircraft will be equipped with Penguin MK-3 missiles.

AFTENPOSTEN: What about the Army?

Knudsen: Gratifying things are happening there, too, with the reestablishment of strike force units in the North as well as significant acquisitions for the whole Norwegian Army, above all in the renewal of rolling stock. In addition, all brigades will receive the modern antiaircraft weapon, Robot 70. Armored tracked vehicles are being equipped with Norwegian made turrets with gun carriages for antitank missiles of the TOW type.

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MILITARY

SWEDEN

DEFENSE MINISTER CARLSSON MAKES FIRST POLICY STATEMENT

Training, Motivation Key Concerns

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 7

[Article by Bengt Falkkloo]

[Text] Storlien--Much remains to be done to improve the situation of those employed in the Armed Forces. They should not have to be transferred or be forced to quit because of poor pay.

So said Minister of Defense Roine Carlsson as he made his first major public appearance since his appointment 4 months ago.

The minister of defense was speaking at the 40th People and Defense Conference in Storlien, and in a lengthy address, his tone became sharper on the subject of security policy.

He said: "Even in difficult times, we manage to strengthen Sweden's freedom from alliances and to make it clear to the big powers that Sweden will continue its neutrality policy forever.

"I was therefore surprised to note that the Conservative Party wants us to become full-fledged members of the EC."

Intrusions

"When that issue was being considered in the 1960's, there was discussion as to whether Swedish neutrality was consistent with membership. The conclusion was that it was not, and that has turned out to be the case. There must have been a slip-up on the part of Adelsohn and Bildt."

Roine Carlsson also said that "no declarations in the world" will help if we cannot show that we are able to resist attack.

"We must be stable and base our total defense on continuity. One of the main tasks of the defense force in peacetime is to protect our territory and prevent intrusions, which are always serious and can never be accepted."

He also pointed out that antisubmarine operations are very difficult for all nations and that one can never be absolutely sure of complete protection from intrusions.

"But we have emphasized that we are seeking good and stable relations with the Soviet Union. We must be able to meet so as to clear up the problems that exist."

But to accomplish all that, the level of training must be increased, and preparations for mobilization must be improved.

#### Quality

There is a new aircraft system, new coastal corvettes have been ordered, and the armor that Sweden has will be adequate for a while longer.

"Now we are going to take a look at quality within the Armed Forces, and that includes conscript training, for one thing. The level of motivation they have on first entering the service must be maintained."

According to the minister of defense, today's conscripts leave the service with less motivation than they had when they entered. He had no ready solutions, but quality is to be improved, as is the working situation of the instructors--that is, the officers.

It is not just fighter pilots who are leaving the service. Other highly trained technicians and officers are also quitting their jobs either because of poor pay or because of the working situation itself.

#### Sleeping Peacefully

"There must be a way to stop these transfers of personnel all over the country. I don't know how it is to be done, but it must be possible somehow. Our officers cannot be moved about in just any way as in the past. They have families, working wives, and children in school to think about.

"But despite the recent discussion among senior officers concerning the security situation, I am not worried, and I sleep peacefully at night. But I understand their articles in the newspapers, and I feel that things should be discussed openly."

#### Minister's 'Stability' Emphasis Viewed

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 2

[Commentary by Svante Nycander: "Better Psychological Defense Needed in Armed Forces"]

[Text] Storlien--The Conservative Party's proposal that Sweden seek full-fledged membership in the EC appears to be a slip-up. Or else the party has not understood the demands placed on us by our neutrality policy.

That tactful comment was the only polemical element in the speech by Minister of Defense Roine Carlsson to the People and Defense conference in Storlien on Sunday. The speech marked his debut as an interpreter of Swedish security policy. If one were to use one word to describe the recurrent theme in his speech, that word would have to be 'stability.' No living Swede can pronounce that word with more obvious conviction than our new minister of defense.

Roine Carlsson sticks to what is safe and certain. He found good use for last spring's unanimous Defense Committee report on security policy, partly as support for the view that Sweden can reasonably expect some form of advance political warning before we are drawn into a war and that an isolated attack on Sweden appears unlikely.

The recent debate shows that the report on security policy contains more than just the obvious. The Defense Committee analyzed some problems in such a way that we now know which of the defense policy's premises are the subject of agreement at least among the political parties.

Roine Carlsson engaged in a touch of self-criticism on behalf of the government party when he spoke about the shifts between tension and detente in relations between the big power blocs. He said that brief periods of reduced tension should not lead to reduced defense ambitions in Sweden. That, of course, was precisely what happened as a result of the 1972 defense decision and after that.

Foreign submarine activity was touched on by Roine Carlsson in a diplomatic and remote manner. He said: "Intrusions are always a serious matter. The government takes an extremely serious view of the reports by the OB [supreme commander of the Armed Forces] concerning intrusions." That has been the government's standard wording since the autumn of 1983, apart from a famous panel discussion exactly 1 year ago. Would it be possible sometime for us to learn whether the government believes those reports of intrusions?

The minister of defense pointed out that conscripts have a high degree of so-called motivation when they begin their first period of service but that their motivation declines during training. He mentioned a few possible explanations, one being the working situation of career officers. That brought him immediately to the subject of resignations from the military.

Can it be that motivation is also declining among career officers? There exists within the Armed Forces a mixture of disappointment over the failure to fulfill their most urgent mission--to keep our territory free of intruders--and a gnawing impression that they are not being supported. Such feelings may play a role as far as morale and job satisfaction are concerned, and one of the defense minister's jobs is to keep psychological defense alive in the Armed Forces. Even tough warriors may need a little love and fatherly care.

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MILITARY

SWEDEN

## BRIGADIER GENERAL VIEWS DOUBTS OVER DEFENSE CREDIBILITY

Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 5

[Op Ed article by Brigadier General Einar Lyth; first two paragraphs DAGENS NYHETER introduction]

[Text] Confidence in our ability to uphold our security policy has begun to falter--abroad, among Swedes in general, and, unfortunately, even among Swedish officers. It would be a tragedy both for us and for our neighboring Nordic countries if we began to drift away from our neutrality policy before honestly attempting to make it economically secure through sufficiently strong defense. So writes Brigadier General Einar Lyth below as he continues DAGENS NYHETER's debate on security policy.

Einar Lyth is commander of I3/Fo-51 in Orebro. He is also known as a debater on defense matters and a writer on military affairs.

There was some talk last fall of a credibility crisis in the Armed Forces. Its most noted feature was the confusion felt by naval officers with regard to antisubmarine operations. That confusion was labeled a lack of confidence in the government. The problem was only partly a matter of inadequate funds. It involved primarily the uncertainty of the naval officers concerning the government's purpose with regard to antisubmarine operations and its evaluation of incoming reports. A credibility crisis of this type is a matter of leadership, and resolving it ought to be simple.

Regarding the credibility aspects of our security policy, three elements are more serious: the faith placed by 1) the rest of the world, 2) the Swedish people, and 3) Swedish officers in the workability of our security policy. In this article, I wish to bring up a few ideas concerning that credibility.

An alliance-free and neutral territory in a zone of tension runs the risk of becoming the object of a race between competing big powers. So if a small state is to pursue a successful neutrality policy, one requirement is a level of armament and political stability that will not provoke a race between big powers in a crisis situation (as in Norway in 1940) or tempt one of those powers to move its position forward in a situation where the other power finds it hard to intervene (as in Afghanistan in 1979 and 1980).

We do not know whether our defenses are strong enough not to provoke a race or unilateral actions. But we do know that we have become relatively weaker and that that fact has been noted abroad. Jonathan Alford, deputy head of the International Institute of Strategic Studies (IISS), points out that over the past 20 years, Sweden's defenses have grown weaker in both absolute and relative terms and that the targets which a big power can reach by attacking Sweden have increased in value during that same period.

This, he says, may mean that the cost of attacking Sweden has now become acceptable even though it was not acceptable previously. He points out that for a long period, Sweden has been "relentlessly" transferring sizable resources from defense to other sectors of society and that so far, Sweden has not managed to break that trend toward disarmament despite submarine activity.

That is one of several expressions of foreign concern over the path that Sweden will soon choose in its 1987 defense decision. Confidence has also begun to waver in other quarters. As an example, we can mention the article in Norway's AFTENPOSTEN under the headline "Can We Rely on Sweden?"

The background to all this, naturally, is that in 1972 we took the lead in detente by decreeing zero growth for the military on the grounds that political and economic realities would also force other countries, including the superpowers, to follow suit. It did not happen. The others continued their arms buildup with defense spending which, in general, increased by 3 percent annually in real terms.

In 1980 (Afghanistan, Poland, and so on), detente came to an end, and Sweden was affected by the new Cold War through such events as submarine incidents.

Sweden did not yield verbally or when it came to vigorous use of its remaining antisubmarine resources. To that extent, we earned respect abroad. But would Sweden now be able to retreat from its path of zero growth, which had had the unintended result of making us a case of isolated disarmament?

Fast and vigorous political action by the Swedish Government could have led to a decision to reverse the trend toward disarmament as far back as the 1982 defense decision. But the mills of defense policy grind slowly in peacetime in all countries. Perhaps a few years are required to evaluate the new features of Sweden's security situation. Now (1985) that evaluation is complete in the defense committee's report on security policy.

The decision on defense development between 1987 and 1992 will soon be made. Foreign assessments of Sweden's future political will and military ability to hold its territory in peace and war will be based on the economic level we choose in the 1987 defense decision. Objectively, it would be advisable to try to regain at least the military strength that we had in 1972. But the OB [supreme commander of the Armed Forces] considered it wisest to propose only enough increase in our appropriation level to keep our lag with respect to the rest of the world from continuing to increase (the OB level). From the security standpoint, such a modestly designed OB level is to be viewed as a

minimum bid. Has anyone really noticed the difference between the design of the OB level now and previously?

People in general have no possibility of becoming thoroughly familiar with security policy matters. The average Swede feels that neutrality is good and that defense spending is high enough. That deeply ingrained basic attitude is not easily changed. But now there are signs of a shift.

As an active speaker on defense matters around the country since the late 1950's, I had never been asked the question: "Shouldn't we join NATO?" I have been hearing that question more and more frequently over the past 3 years. In my opinion, this is due to a feeling that we can no longer handle our defense without help. Submarines in the archipelago, picture salesmen at air force bases and fortifications, mysterious TIR [International Road Transport of Merchandise] trucks and ships present at our military exercises, and the erroneous idea that we cannot afford to pay more for defense have led many people to doubt our military ability to uphold our neutrality policy.

If such feelings continue to spread, our security policy will be undermined from within. What individuals think is quickly reflected in the press, and what the press thinks is soon being thought by a few politicians.

That, too, is an important credibility issue that will be affected by the 1987 defense decision. That decision must lead to improvements that the Swedish people can see in the ability to uphold our security policy and defend our territory--the latter not only in connection with antisubmarine operations.

It would be a tragedy both for us and for our neighboring Nordic countries if we began to drift away from our neutrality policy before honestly attempting to make it economically secure through sufficiently strong defense. How big a national sacrifice are we prepared to make to uphold our present security policy? Where does the upper limit lie? I am convinced that it lies considerably above the current level of defense spending.

The Swedish officer is an extraordinarily loyal public servant. His loyalty is based on the conviction, acquired through training, that the role of the military authorities is to work to prevent war and preserve peace within the framework of carefully prepared and well-balanced security doctrine that also includes foreign policy, aid policy, and so on. (And that we have!) He knows that defense is built on a well-functioning and economically strong society. He feels that the leveling out of classes and living standards that has been achieved is a good basis for a strong will to resist attack.

More than most other groups of government employees, the officer corps is schooled and trained to try to get the most out of available funds both in the field and in the office. When funds shrink, he pounces on the problem with his built-up reserve of job satisfaction and tries to achieve the stated goals anyway. The result is that when rationalization and cutbacks are required, it is possible to go a long way with no risk of squeaks in the machinery.

An officer is also tough. He generally takes the teasing, questioning, and deliberate casting of suspicions with equanimity in the self-assured conviction that he is working to ensure the most essential aspect of society's security. But precisely because of his loyalty to society, he is sensitive about appearing as an alarmist, narrow specialist, or militarist. In the defense debate, he therefore keeps a low profile and generally tones down his fears and doubts.

The result of all that was that throughout the 1970's, the military accepted the political leadership's assumptions concerning continuing detente and impending international arms limitations. As the gaps in defense gradually came to be seen as risky, they accepted the assurance that increased defense spending to keep pace with the rest of society was "politically impossible."

Perhaps they did so because the politicians were acknowledging the gaps privately and pointing out that if our security situation worsened, it would be easy to increase the appropriations quickly, because there would then be political support from the people. And besides, of course, we had no reason to expect bolts of lightning out of the blue. We could expect forewarning--for example, in the form of stepped-up intelligence activity directed against our country.

But then the situation changed. The Cold War returned, and there was a rise in foreign intelligence activity directed against us. Arms limitations abroad did not materialize. Then came the Submarine Commission's harsh report, but no increase in funds--only a slight slowdown in the undermining of defense money. The gaps detected in the Swedish hedgehog's fur thanks to that spotlight were evidently going to be covered by rearranging spines from that part of its fur where the gaps did not show, since up to now they have eluded the public's view. There was astonishment among the officers, with evasive answers from the politicians. Eventually there was reference to the upcoming 1987 defense decision, which many officers anticipated would have to result in substantially higher defense appropriations aimed at rapidly recovering at least part of what had been lost since the error of judgment in 1972. Will it happen? If not, will it be possible to retain officer confidence in the security policy within whose framework those officers chose to carry out their professional duties?

To sum up, it can be said that confidence in our ability to uphold our security policy has begun to falter--abroad, among Swedes in general, and, unfortunately, even among Swedish officers. The question is not limited to our antisubmarine capability--it is more extensive than that. But the repeated submarine incidents are nevertheless an example of how a peaceful small state's military gaps can undermine its security policy. Is that not warning enough?

The 1987 defense decision will probably determine whether that faltering confidence is going to be restored or transformed into a credibility crisis, which in its turn may lead to a crisis in security policy.

11798  
CSO: 3650/124

MILITARY

SWEDEN

**ARMY COMMANDER: SHORTCOMINGS MUST NOT BE ALLOWED TO WORSEN**

Stockholm DAGENS NYHETER in Swedish 3 Feb 86 p 7

[Article by Anders Ohman]

[Text] "There is much in the army today that is good--yes, very good. But there are also shortcomings. They must not grow any worse."

So said General Erik Bengtsson, army commander in chief, during a discussion of the army's situation as the next defense decision draws nearer.

Erik Bengtsson said: "Actually, we have not remained at any planning level. There has been a steady winding down--a downgrade. Now the question is whether we will return to the proper level or continue like this, with increasing shortcomings."

He has registered a dissenting opinion concerning the lowest level included in OB-85 [1985 plan by the supreme commander of the Armed Forces], which gives the army 402 billion kronor [as published] during the years from 1987 to 1992 and 38.6 billion kronor for the years from 1992 to 1997. The PP (Program Plan Level) provides about 41.4 billion kronor for the years from 1987 to 1992 and an equal amount for the years from 1992 to 1997. The highest level specified by the politicians--the "plus level"--gives the army 42.4 billion kronor between 1987 and 1992 and the same amount between 1992 and 1997.

At the level called for by the OB, the army will get 45.1 billion kronor between 1987 and 1992 and 47.9 billion between 1992 and 1997.

The army commander says that if Parliament chooses the lowest level, there will be serious consequences for Skane.

In that case, the army will not be able to afford to train local defense units in Skane to the extent desirable. There will be only enough money to provide refresher training for such units in Upper Norrland. Their mission is to guarantee the mobility of the field unit and protect airbases, harbors, and other important centers.

Erik Bengtsson says: "In a few years they will be barely usable in the wartime organization. That is serious when we are talking about the danger of a surprise attack."

#### Tanks

At the lowest level, the army will not be able to afford new tanks.

The older Centurion and S tanks will be reconditioned to adapt them to the threat of the 1990's, which includes active armor. That type of armor can neutralize the impact of shaped-charge projectiles. New tanks or no new tanks--that will be a headache for the army commander in coming years.

Erik Bengtsson says: "If the demands placed on us mean we must be able to take back sectors of terrain--in Skane, for example--I cannot see any system in the foreseeable future that will be able to replace tanks."

#### Responsibility

He now considers the military-political climate to be such that the lowest level is not likely to be considered appropriate. But it is hard to predict whether the politicians will always understand the problems. They will consider the matter, and it is not possible to say anything in advance about what the final result will be. We asked: "Is there a point, then, at which you as a military man will no longer be able to take responsibility?"

Erik Bengtsson said: "Such a point is difficult to define. My job is both to make it clear what the army needs and to make the most of what is placed at my disposal."

People, says the army, are our most important resource. Today's conscripts are very positive. That is vouched for everywhere, says the army commander. Modern leadership has created good relations between the conscripts and officers. The mission is to train good wartime units.

#### More Funds

But so far, there have not been enough funds. The units have been differentiated. The decision a few years ago to drop back to shorter training periods has led to a concentration on the main service. Training in NBC protection, night combat, and construction have been set aside. Any extension of the period of conscript service is not in the cards.

Training must become more effective within the same time frame as now. And that requires more funds.

Erik Bengtsson says: "If that is to be accomplished effectively, it will not be free."

In the area of materiel, the army needs well-developed splinter protection in order to confront an attacker. The splinter bomb is a weapon that can do

great damage to unprotected units. Protective vests and armored combat vehicles are needed. Military experience in the Middle East has shown that splinter protection reduces losses considerably.

#### Interceptor Aircraft

The army commander also wants to strengthen air defense. An effective interceptor force will continue to be needed in the future. Development of the RBS-70 antiaircraft missile for use in the dark is needed, as are more antitank helicopters. As examples of effective Swedish weapons, he mentions the Bill antitank missile and the AT-4 light antitank grenade launcher. The United States has bought several hundred thousand of those launchers.

In 1982, Sweden's defense spending totaled 3.3 percent of its GNP (according to SIPRI [Stockholm International Peace Research Institute]). According to some observers, defense spending now--in 1985-1986--is just under 3 percent of GNP. In 1982, by way of comparison, the corresponding figure was 6.5 percent in the United States, between 10 and 20 percent in the Soviet Union, 5.2 percent in Yugoslavia, from 3.6 to 4.0 percent in Poland, and so on. How big a share of Sweden's GNP should be going to defense now in order to maintain effectiveness?

Erik Bengtsson says: "I don't want to state an opinion on that point. I prefer to point out specific areas where steps must be taken. I don't know what it all adds up to as a percentage of GNP."

#### Sabotage

The Army Staff says that based on this year's proposed budget in Sweden, the OB level in the prospective plan works out to about a 3-percent increase in defense spending. The corresponding figure in Norway and Finland is over 3 percent.

The army commander also drifted on to the subject of the role of "diversionary units" in the present-day threat situation. Those forces are specially trained in sabotage and infiltration. The purpose is to engage in sabotage immediately before war breaks out.

The army is also going to organize antisabotage units. The Home Guard will be important in that organization, since it is familiar with its home district and observant of changes.

Erik Bengtsson says: "Our society is vulnerable in that respect. We Swedes are also terribly trusting in our democratic society. We do not believe that such things can happen to us."

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MILITARY

SWEDEN

WAR COLLEGE COLONEL: USSR LIKELY TO ATTACK SWEDEN IN CONFLICT

Stockholm DAGENS NYHETER in Swedish 5 Feb 86 p 5

[Op Ed article by Colonel Bo Hugemark, head of the Department of Military History at the War College; first paragraph DAGENS NYHETER introduction]

[Text] There is no reason to be shocked at submarines, picture salesmen, or East European trucking firms in Sweden. It is completely natural and obvious that preparations for war should be underway. It would be a breach of duty on the part of the Soviet General Staff not to be pursuing such activity. So writes Colonel Bo Hugemark, head of the Department of Military History at the War College.

Hans von Hofsten's articles (DAGENS NYHETER's debate page, 20 and 21 January) made a lot of noise and livened up the defense debate. They were very beneficial. For the first time, someone has effectively concretized the Submarine Commission's conclusion that the intrusions are a stage in operational preparations for war.

Some people, alarmed by that picture, have started talking about joining NATO. Others are expressing doubt and wondering whether our officers believe that the Russians are coming tomorrow.

No, officers in general do not believe that. They do not have the idea that the Soviet leadership has started the countdown for an attack on Sweden.

"War preparations" means that preparations are being made for being able to fight a war. All nations, including our own, engage in such activity. And the Soviet Union, whose operational doctrine says that the country is to be defended by an offensive in the opponent's territory, must of course make its war preparations in that territory.

There is no reason to be shocked at submarines, picture salesmen, or East European trucking firms in Sweden. It is completely natural and obvious that preparations for war should be underway. It would be a breach of duty on the part of the Soviet General Staff not to be pursuing such activity. (Which is not to say that we should allow it to proceed unchecked.)

Can we therefore sleep soundly at night, like Nils Gylden (DAGENS NYHETER's debate page, 28 January)? The answer depends on whether we can answer yes to the following strategic questions:

1. Do we still have a reasonable chance of staying out of a major war between East and West?

2. Is there still little risk that we will be attacked separately?

Here are my own answers:

1. In a major war, the Soviet Union will have a strong need to be able to use Swedish territory. The reason is that it will want to cover itself against various turns of events in such a war, among them the possibility of a protracted war, in which sea routes between the United States and Europe will be of crucial importance. It will be urgent for it to do so at an early stage, before NATO has time to implement countermeasures.

The Soviet Union's general strategy would probably be to get its offensive operations off to a running start wherever resources permit it and the cost of doing so is reasonable.

In Sweden's case, that cost has two components: Sweden's defensive power and NATO's countermeasures (which, of course, will be facilitated if the Soviet Union deprives itself of its neutral "shield" by attacking Sweden).

Sweden's relative defensive power has unquestionably declined over the past 10 years. Let us take two examples:

First, the ratio of our interceptor force to the Soviet air strike force located within striking distance of Swedish territory has changed from 200:100 to 150:1,000.

Second, the number of Swedish offensive brigades that it has been possible to keep fairly up to date has dropped from 30 to 20. I say "fairly" because the increased threat from the air (see above) and new types of aircraft ammunition have turned the lack of splinterproof vehicles into a serious defect. At the same time, the Soviet Union's landing capability has increased, partly because modern civilian RO/RO tonnage can be used.

Roughly, one can say that our strength in relation to a conceivable aggressor has been cut in half.

The relative weight of our own defenses in the "cost balance" has therefore decreased. This does not mean that we will be drawn into a war as a matter of course. On the other hand, it can certainly be said that our neutrality is more dependent on mutual deterrence by the big powers. Is that what we want? Might it not tempt them into a race to control our territory?

2. Our official stand is that an isolated attack is unlikely. The real reason for that dogma is that it is difficult to reconcile the risk of isolated

attack with the combination consisting of a continuing neutrality policy and a continued weakening of our defenses. That is not openly stated. Instead, the dogma in question is constantly defended on the grounds of two poor arguments, both of which are used by Gylden.

The first consists of giving the concept of isolated attack such an extreme definition that it collapses by itself:

"An armed conflict in the north is therefore scarcely conceivable as long as relations between NATO and the Warsaw Pact are otherwise calm and stable."

That certainly sounds plausible. But that is not really the point. The thing that makes an attack isolated--from the standpoint of the one attacked--is that he must fight alone, with no prospect of effective help, against a big power that can devote large resources to bringing about a speedy conclusion. It is not difficult to find historical examples of attacks which, by that definition, were isolated, even though they occurred during periods of very great tension and even major wars.

It is not especially difficult to imagine conditions in a future situation of heightened tension where the Soviet Union might consider it possible to attack Sweden without NATO's being willing, able, or bold enough to start a major war--or having time to intervene before our defeat is an accomplished fact.

The second argument consists of showing specifically that an isolated attack would be unprofitable for the Soviet Union because the "return"--the value of Swedish territory--is small in comparison with the "cost"--an arms buildup by NATO and so on.

That is a common ruse in debate. It consists of demanding that one's opponent in the debate show that his "attack scenario" is completely rational and reasonable while not at the same time subjecting one's own views to the same scrutiny. How rational are our more traditional attack scenarios? There is certainly much more to gain by an attack in Central Europe, but there is also more to lose. For example, the risk of nuclear war is surely greater there (unless Nils Gylden considers that we are already under NATO's nuclear protection). What kind of fantastic analysis model is Nils Gylden using, that he can so deftly label an isolated attack "unprofitable" and a major war in Europe "profitable"--and say that this is so from the standpoint of the big powers as well? Actually, there is no such thing as a wholly rational war. We can try to judge whether there are situations in which the temptation to use violence increases.

If, instead of starting with conclusions consistent with official dogma, we compare various cases correctly, we may very well find that in many situations, an isolated attack is the least improbable possibility.

Anyone who finds it difficult to imagine such situations may find it useful to ponder historical experience. The invasion on 9 April [1940, of Denmark and Norway] was not an isolated attack by Gylden's definition. According to my definition, it was definitely an isolated one as far as Denmark was concerned.

For Norway, it was unquestionably a quickly lost war. In the view of all observers, it was definitely a surprising turn of events--politically, strategically, and operationally.

How far in advance could one have judged that it was a probable event? Not during a prospective planning period (1925). Not during a program planning period (1935). Not during the time it takes to come up with a hasty operational war plan (1939). And not during the time it takes to mobilize (4 April). The answer is: 1 day before the German troops landed.

That is not to say that we ought to sleep restlessly and have nightmares about being occupied the next morning. On the other hand, we must devote more of our waking hours to correcting the shortcomings in our defense so as to plainly indicate our will and ability to defend ourselves.

Much has been said and written about the political "signals" of recent times. I will refrain from taking up that inflammable subject here. On the other hand, I want to touch upon another signal, namely, our defense efforts. We talk about the Nordic area's increased strategic importance. At the same time, we are permitting a continuing weakening of our defenses. Sometimes it is also said bluntly that it is reasonable for the Armed Forces to do their share in the general belt tightening. What conclusions will be drawn from that by a big power that has never allowed butter to take precedence over guns?

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MILITARY

SWEDEN

**DEFENSE MINISTER SUPPORTS OFFICERS' RIGHT TO CRITICIZE**

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--"It is a good thing for officers at various levels to state their views on conditions in the Armed Forces. As an old union man, I would be the last one to try to throttle or limit freedom of expression."

So said Roine Carlsson during an impromptu press conference at the defense conference in Storlien on Sunday.

"Freedom of expression is essential and must be protected. I almost feel that it is reporters themselves who want to limit it, and I can't understand that. Officers have every right to criticize the Armed Forces. Rather than a breach of loyalty, it is proof of the desire to improve the capability of the Armed Forces.

"I sympathize especially with the naval officers, who have been chasing foreign submarines for 5 years with no tangible results. Their irritation is natural--just as natural as when other occupational groups fail in their assigned occupational duties."

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MILITARY

SWEDEN

### MILITARY EXCHANGES WITH USSR HALTED DUE TO SUB VIOLATIONS

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--Military exchanges with the Soviet Union during 1986 are not appropriate. The reasons are the submarine intrusions in 1981 and 1982 and continuing uncertainty as to who is engaged in submarine activity in Swedish waters at present.

That was confirmed by Vice Admiral Bror Stefenson, chief of the Defense Staff, at the People and Defense conference in Storlien.

After U-137 went aground in the Blekinge Archipelago in October 1981, OB [Supreme Commander of the Armed Forces] Lennart Ljung strongly objected to all proposed military contacts with the Soviet Union, especially those in the form of educational exchanges, tours, and so on.

"For the time being, there is no reason to resume those exchanges," says Bror Stefenson. "The feelings that followed the serious incidents in 1981 and 1982 are continuing to affect us. Besides, some nation is continuing to violate our territory. If the violations had ceased entirely, we would have found it easier to go to Moscow."

It is known that the Military Council also takes a serious view of the various Soviet violations of airspace that have occurred over Gotland, even though the Soviet Union admitted to one such air violation for the first time last year.

"We can therefore postpone our visits," says Bror Stefenson.

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MILITARY

SWEDEN

## CALL FOR PRIVATIZATION OF PUBLIC SECTOR ATTACKED

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7

[Article by Erik Liden]

[Text] Storlien--A political spat between Minister of Defense Roine Carlsson and Olof Ljunggren, director of the SAF [Swedish Employers' Confederation], over privatization of the public sector marked the beginning of this year's defense conference under the auspices of People and Defense.

In his introductory speech as chairman of People and Defense, Olof Ljunggren touched on this year's wage negotiations, now underway, emphasizing the need to continue the fight against inflation and to make the public sector more efficient and expose it to more competition.

Olof Ljunggren said: "Every individual in Sweden would benefit if the public sector were faced with that wholesome competition."

When Roine Carlsson stepped up to the rostrum in Storlien, he immediately took the opposing position by saying:

"As a former union chairman, I itch right down to the marrow when I hear Ljunggren talk about the public sector. There is reason to recall that the worker movement took a stand on the issue of privatization and that our position was supported most recently in the general election that was held in September 1985."

In his first major security policy speech as minister of defense, Roine Carlsson touched on the Nordic region's importance and the Soviet military buildup on the Kola Peninsula. He emphasized the great importance to Sweden of the neutrality policy based on a strong defense.

## Criticism of Demands Concerning EC

He criticized the Conservative Party's bill in this year's Parliament, in which demands for full membership in the Common Market--the EC--are again being brought up.

"One must ask oneself whether Ulf Adelsohn, Carl Bildt, and the other Conservatives have really thought through the consequences of their proposal. At first glance, it appears to be a 'work accident' more than anything. Our freedom from alliances makes membership in the EC impossible."

Roine Carlsson emphasized that violations of Swedish territory can never be accepted. They are to be combated by every available means.

"No nation need be unaware that there is complete agreement both in the political leadership and in the military that we are firmly resolved to preserve our territorial integrity. For example, the Armed Forces can use force of arms without prior warning in Swedish inland waters. Our determination cannot be expressed more clearly than that.

"We have taken advantage of every opportunity to call the Soviet Union's attention to the fact that Sweden's territorial integrity is sacred and that we are building up our ability to defend it. We will continue to visit other states, including the Soviet Union, to state our views on these matters."

Roine Carlsson expressed great concern over the large number of resignations from the military, inadequate basic and refresher training for conscripts, and a lack of motivation among conscripts. The defense industry's ability to strengthen Swedish security policy was emphasized. Advanced missiles and electronic components must be assigned priority, possibly in cooperation with foreign countries, said Roine Carlsson.

Emergency preparedness measures, to which attention was drawn by the recent big power failure, were also touched on by Roine Carlsson.

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MILITARY

SWEDEN

HOME GUARD COMMANDER: ALLOW WOMEN TO PARTICIPATE IN COMBAT

Stockholm SVENSKA DAGBLADET in Swedish 7 Feb 86 p 7

[Article: 'Women Should Also Fight']

[Text] Women should be given combat duties in the home guard on Gotland. This is the content of a proposal that the national chief of the home guard, Gen Robert Lugg, will soon send to the government.

The reason for this is that there are not enough men to defend Gotland. There are now 400 unfilled positions in the home guard on the island. According to the proposal, women on Gotland will be equal to the men in every respect and will defend their island home with gun in hand. This would require a special governmental resolution, however.

The measure will require no additional costs apart from certain expenses for training the women who, after all, have not performed military service, according to national home guard chief Robert Lugg.

The proposal, which has now been referred to interested organizations for their consideration, has been criticized by some, particularly the Women's Service Corps.

The Women's Service Corps has also had difficulty recruiting members and fears that it may become even more difficult if women could obtain combat assignments in the home guard on Gotland.

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MILITARY

SWEDEN

AIR FORCE ORDERS NEW COMBAT CONTROL CENTERS

Stockholm SVENSKA DAGBLADET in Swedish 11 Feb 86 p III

[Article by Erik Liden: "Air Force to Place Big Order for Electronic Equipment"]

[Text] The Air Force will spend about a billion kronor on modernizing and upgrading its combat control centers at the beginning of 1987.

The Defense Materiel Command, FMV, is consulting Swedish electronics firms in order to establish a basis for future bids.

The combat control system used today in the mountain defense installations is called Stril-60. The Air Force now has four big air defense facilities in caves that are as big as four-story buildings and are packed with computers and electronic equipment.

The very rapid technical development in the area of computers and electronics has long accentuated the need for modern combat control centers. There are two feasible choices: either computers and electronic equipment can be rebuilt and upgraded in the existing facilities or else entirely new installations can be considered. Rebuilding and modernizing the equipment would be cheaper because it costs a lot of money to blast out caves in bedrock.

The industries that will be strong contenders for contracts are Ericsson in Kista and Molndal and Philips Electronics in Jarfalla. Both firms already supply the military with large amounts of technically complex equipment.

For reasons of secrecy the defense system wants to keep as much of the production of the combat control centers as possible in the hands of Swedish manufacturers. These centers play a decisive role in detecting and combating hostile planes that are moving in against Sweden.

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CSO: 3650/140

MILITARY

SWEDEN

NAVY CHIEF URGED TO SOFTEN DEMANDS FOR ANTISUBMARINE FUNDS

Stockholm DAGENS NYHETER in Swedish 16 Feb 86 p 2

[Editorial: "Navy Chief Speaks Out"]

[Text] It is obvious that the chief of the Swedish Navy is very displeased with the politicians on the Defense Committee. He is the man in charge during a delicate reconstruction period for Swedish submarine defense, a function that virtually dropped out of sight for several years. He is the ranking military officer most subject to pressure from personnel who are disillusioned, annoyed and perhaps in some cases worn-out.

What Vice Admiral Bengt Schuback said to the Royal Society of Naval Science recently is in line with the arguments made by protesting naval officers. Apparently these views did not make enough of an impression on the political parties to cause them to make fundamental changes in their priorities.

The admiral's demand for quick approval of additional custom-made anti-submarine units, each including around 20 vessels, airplanes and helicopters, has such a high price tag that it would call for substantial changes within the framework of politically realistic funding levels. That is a simple fact. The same thing applies to the naval leader's argument with regard to the need for "about 20 advanced escort vessels" to protect our ocean transports.

With respect to this point it is interesting to note reports that the Navy, the National Administration of Shipping and Navigation and other authorities have recently demonstrated the need for escort craft and requested around eight escort units to be spread along the coast. Surely this is not something they have just discovered. It is in the public interest to have such studies publicized, especially the latest study from the Supreme Commander of the Armed Forces [OB] which shows, according to the admiral, that surface attack craft--missile boats--cannot be reduced without "unrealistic consequences for peace, neutrality and the initial phases of a surprise attack."

Schuback has spoken out primarily in response to the Defense Committee's new directive to OB asking for a further study of the need for surface attack craft without requiring any decision under the 1987 Defense Act. The chief of the Navy pointed out that this will lead to a loss of tempo with respect

to the creation of the second submarine force, a project that will take about 8 years to carry out from start to finish!

According to the admiral this is not in line with the beautiful phrases about asserting Sweden's territorial integrity "with all the means at our disposal." And even less with the Defense Committee's statement that "the aim is to increase the risk to intruding units to the point where they will consider it impossible to carry out the type of unified submarine operation described by the Submarine Defense Commission without suffering serious consequences."

Those are big words. In the name of honesty they should be modified. No party is willing to balance defense spending in such a way that the chief of the Navy will get what he as a professional man considers necessary. Pretending that there is greater impetus in the area of submarine defense will not fool anyone.

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MILITARY

SWEDEN

#### ARMED FORCES TESTING PROTECTIVE MANTLE AGAINST NERVE GAS

Stockholm DAGENS NYHETER in Swedish 16 Feb 86 p 15

[Article by Sture Ryman, DAGENS NYHETER's Norrkoping correspondent]

[Text] The risk that chemical weapons will be used in a future war has increased and for this reason the defense system is now testing new types of gas masks, chemical combat outfits made of plastic.

Within a year or so every soldier will be equipped with the new chemical warfare outfit. The requirements for this outfit, which will be adopted in the near future, are that a soldier with full combat gear must be able to put it on within 10 seconds and it must hold up under a half-mile march over rough terrain.

The dominant chemical or C-warfare agent is nerve gas, which is easy to spread and primarily affects people and plants. Nerve gas is spread in the form of a fine mist consisting of tiny droplets that are suspended in the air and attack both respiratory passages and skin surfaces. Those affected feel ill, suffer from cramps, have breathing problems and experience muscular paralysis.

#### Buildings Not Damaged

In spite of the fact that most countries have approved the Geneva convention banning the use of chemical weapons, broad groups of people fear that the ban will not be honored if there is a war. The Civil Defense publication "Info '84" said among other things that "the global consequences of an unlimited chemical war would be much smaller than those of all-out nuclear war or a war using biological weapons. This increases the risk that chemical weapons will be used."

"Yes, the world would still be there after a chemical war. Houses and installations would be undamaged, only people, animals and plants would die," said Gert Jonsson, chemist and head of development at Teno in Norrkoping where they are producing prototypes of combat outfits to protect soldiers against chemical attacks.

"I understand these fears. Nothing is easier than manufacturing chemical weapons and they are cheap. Any nation capable of manufacturing herbicides or insecticides can produce any dangerous chemical agent with the help of a single chemist.

"We have not yet decided what the protective outfit will look like," said Captain Lars Graner of FMV where they are now testing different outfits. "Three companies--Teno, Trioplast and Reftele--have made different prototypes and we are now testing them for durability, among other things.

"The plastic mantle is meant to function as a lifesaver for soldiers who find themselves in a polluted area and must get out while their outfits stay in one piece.

"Therefore the outfits must be easy to carry, easy to put on and disposable, because they must be burned after an attack," Graner said.



Billy Edquist is one of the technicians at Teno who helped develop the protective anti-chemical mantle. It should not take a soldier equipped with full combat gear more than 10 seconds to put the protective outfit on.

"Chemical combat outfits are part of our field uniform system. We intend to replace the old field uniforms and in addition to the chemical protection outfits soldiers will be equipped with vests that will protect them from shell fragments.

#### Field Uniform

"The new field uniform is much lighter than the present model and consists of 28 parts but in spite of this soldiers will be better outfitted from top to toe against various types of weather.

"We train close to 40,000 draftees each year and we spend 150 million kronor a year on renewing and filling our stockpiles, so this will not mean any extra cost to the defense system. We will simply replace old uniforms with new ones at a rate corresponding to this annual renewal."

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MILITARY

SWEDEN

BRIEFS

ORDER AIDS MILITARY AVIATION INDUSTRY--The Volvo Aircraft Engine Company in Trollhattan has received an order for aircraft engines from the United States. The order is worth about 350 million kronor and will provide jobs for 50 men for 4 years. It covers engines for 80 aircraft of the McDonnell-Douglas MD88 type, and the purchaser is Delta Airlines in the United States. This order is especially valuable to the aircraft engine company because production for the Viggen will gradually come to an end over the next few years. [Text] [Stockholm DAGENS NYHETER in Swedish 31 Jan 86 p 11] 11798

OFFICERS THINK CREDIBILITY DECLINING--Thirty-two out of forty-four regimental and wing commanders feel that the credibility of our ability to uphold our security policy has started to falter. This was shown by telephone interviews conducted by Television News in the country's regiments and air wings. Nine of the officers polled declined to express an opinion on the subject, and three felt that our credibility has not begun to falter. Commenting on the poll, OB [Supreme Commander of the Armed Forces] Lennart Ljung said: "One can understand why confidence is being eroded, considering that we do not have the resources with which to do our job. But loyalty and ambition are at a high level in the officer corps." [Text] [Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 86 p 7] 11798

CSO: 3650/136

ECONOMIC

DENMARK

## RECORD LARGE TRADE DEFICIT INCREASES FOREIGN DEBT

Copenhagen AKTUELIT in Danish 14 Feb 86 p 7

[Text] Copenhagen--The balance of payments deficit amounted to 28 billion kroner in 1985.

That is more than 10 billion kroner higher than the figure for the previous year. The record deficit brings Denmark's total foreign debt up to 243 billion kroner.

In 1983, the first whole year that the government was in office, the debt figure was 185 billion kroner.

### Denmark Owes a Year's Wages

The 1985 deficit means that Denmark owes almost an entire year's wages. If we calculate the per capita debt, each one of us owes close to 50,000 kroner.

The government has long held that if interest on foreign debt is subtracted from the balance of payments deficit the result is actually a surplus. The official figures from the Danish Bureau of Statistics now show that foreign interest payments in 1985 added up to 26.9 billion kroner. In other words there is a regular deficit of at least 1.1 billion kroner.

That is more than twice as much as the government estimated at the beginning of the year. As 1985 progressed the figures were gradually revised upward. A short time before the municipal elections on 19 November Prime Minister Poul Schluter estimated that the deficit would be 20 billion kroner at the most.

The deficit of 28 billion resulted from total income of 226.8 billion compared to total expenditures of 290.7 billion kroner.

### Negative Reaction

The stock market reacted negatively to the announcement. Stock prices fell an average of half a point.

"It is fair to say that it is primarily developments in the United States that are keeping Danish stock prices up. If it had not been for this situation, stock prices would have declined sharply," stock broker Ole Abildgaard said.

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

BANGEMANN URGES ACCEPTANCE OF BILLION-MARK USSR CONTRACT

Hamburg DER SPIEGEL in German 30 Dec 85 pp 15-17

[Unattributed article: "Trade with the East: No Interest in Publicity"]

[Text] Moscow is holding out the biggest contract that has ever been worked out with a federal guarantee to a German company: Uhde GmbH in Dortmund is to supply a plastics factory for DM 10.1 billion. Negotiations are under way on additional billion-mark projects. Objections from the United States could still endanger the transaction.

For years the procedures has followed the same rules: Whenever German companies apply for federal guarantees for transactions with the Soviet Union whose value exceeds DM 200 million, officials from the offices of Economics, Finance and Economic Aid, as well as those from Foreign Affairs, request their head's approval and inform the leaders in the chancellor's office. Since the Soviet Union has made its payments reliably, the remainder is routine.

What came up before the "Interministry Committee for Export Sureties and Guarantees" seemed to them to merit special treatment. Its members deliberated whether the entire cabinet in Bonn should not make the decision in this case because of the scope of the transaction.

But then the officials decided in favor of the discreet way of doing business. The representative of the Office of Foreign Affairs reminded them that the procedure would receive increased publicity and "we have particular interest in seeing that happen." Otherwise, the officials warned, the US media and politicians would pick up the subject--with possibly unpleasant consequences.

This delicate treatment is being accorded the largest single transaction for which an application for a federal guarantee has ever been made. Uhde GmbH of Dortmund is to build a turnkey polyester plant in the European part of the Soviet Union for DM 10.1 billion, not counting financing costs. Until now first place was held by the newly constructed airport at Jeddah (Saudi Arabia), with a surety of DM 9.9 million.

The mammoth contract from the Soviet Union, on which the Hoechst subsidiary is bidding against competition from England (Davy McKee) and Japan (Kobe Steel),

is so important to the government in Bonn that the Minister for Economics is taking a personal interest in the matter. Martin Bangemann asked for assistance in a letter to two Soviet deputy prime ministers. On 8 November he wrote to Jakov Ryabov and Alexei Antonov that the government would do "everything in its power" to promote the billion-mark project.

If it comes about, not only would thousands of jobs in the FRG be ensured for several years, the political effects of the project would be even greater. Since Chancellor Helmut Kohl prematurely announced German participation in the US SDI space weapons program, the Soviets have been treating their negotiating and trade partners in Bonn very disdainfully. Mikhail Gorbachev, the new leader in Moscow since March 1985, has already visited London and Paris; in the spring he will travel to Italy--Bonn is being excluded.

A visit from the new Minister of Foreign Affairs in Moscow Eduard Shevardnadse is overdue; no date has been set. The German Embassy in Moscow reports that the representatives from Bonn, including the officials, were being "shoved into a corner."

Consequently, the diplomats around Minister for Foreign Affairs Hans-Dietrich Genscher are noting with even greater attentiveness how transactions with the Soviet Union are developing--they have been progressing very well recently.

--Mannesmann and Thyssen have applied for a guarantee for the delivery of 800,000 tons of large-diameter pipes for the Jamburg-Jamal natural gas project. The value of the contract: DM 800,00 million.

--The Sundwig iron and steel works is planned to build a factory for semi-finished metal products in Sverdlovsk for DM 243 million.

--In recent months Krupp Industrietechnik GmbH in Duisburg has been negotiating for the construction of a turnkey foundry in Orel. A guarantee of more than DM 3.8 billion has already been assured. The Duisburg company will submit its bid on 3 March.

In spite of the coolness in political dealings, economic relations are proceeding so well that the Soviet Union now occupies first place on the surety list for Hermes Insurance--with over DM 19 billion in firm obligations and DM 13 billion promised.

If Uhde's mammoth project comes to pass, the Bonn government will have to change a rule that it established itself: No more than 10 percent of the amount available for guarantees in total foreign trade, according to a ministerial decree of 1982, is supposed to be promised to the Soviet Union. With the Uhde factory alone Moscow's liability would reach DM 30 billion--about 15 percent of framework of sureties (currently set at DM 195 billion).

The higher risk was justifiable, the guarantee experts told their office heads: the Soviet Union was a reliable and powerful partner, its foreign debt was limited, currency reserves and raw materials were keeping the country solvent.

They also said that this particular export was in the special interests of the German economy: The construction of large plants, a German specialty, was not greatly in demand on the international market. The Soviet Union was the only country that was still awarding contracts in the billions, since the oil states could no longer afford them.

But the secret swing to the East can arouse irritation in the West. The fear in Bonn is that DM 10 billion transactions can arouse the protests of the hard-liners in the US administration who have repeatedly reproached the European allies with their supposedly too friendly trade policy with the Soviets. These hawks can point to the fact that top-quality technical knowhow is being exported to the East with large plants of this caliber.

Problems of this nature do exist in the case of Uhde; the polyester combine will, according to ministry experts, "contain components" which "are subject to approval in accordance with Section C of the export list" as technical products with strategic importance. Bonn must be careful, internal government documents state, that this does not arouse "irritation in relations with the United States and other competing Western countries."

In the wake of the Geneva summit, the United States has given the impression that they would like to intensify their trade with the erstwhile "empire of evil" (US President Ronald Reagan). Recently a large US trade delegation traveled to Moscow.

But in Bonn the harsh tones from Washington have not completely died away. Government members still recall today the visit by former Secretary of State in the US State Department James Buckley, who suggested in May 1982 using trade as a weapon against the Soviet opponents.

The United States itself is continuing to apply its trade restrictions: The Defense Department wants to impose an embargo on products on a 700-page long list of militarily critical technology ("military critical technology list") --by means of a new version of Cocom rules which establish export restrictions for trade with the East for 15 Western countries. Genscher's response: "It has reached a point where we have to talk with the Americans."

The imminent expansion of trade with the East is being greeted with particular pleasure in Genscher's Office for Foreign Affairs. The head of the Office, who has been campaigning for months for a "second phase" in policy with the East, had always spoken out against a national SDI agreement, in contrast to his fellow party member Bangemann from the economics office. Now he sees his opposition confirmed. According to a Genscher intimate, the idea that German industry needs a comprehensive agreement in order to be involved in the US SDI project was "tantamount to ludicrous." Trade with the Soviet Union can take place without any protection on the flanks.

In addition: billions are involved in these transactions with the East, the largest SDI contract from the United States signed so far amounts to \$900,000.

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CSO: 3620/229

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

SMALL-BUSINESS BENEFITS FROM NEW SOVIET 5-YEAR PLAN PREDICTED

Munich INDUSTRIEMAGAZIN in German No 1, Jan 86 pp 36-38

[Interview with Otto Wolff von Amerongen, chairman of the East Committee of the Germany Industry, by INDUSTRIEMAGAZIN reporter, date and place not given: "I See Good Opportunities"; first paragraph is INDUSTRIEMAGAZIN introduction]

[Text] Does the transition of power in the Kremlin have a positive effect on German trade with the Bloc? Does German SDI participation affect the exchange of goods with Moscow?

INDUSTRIEMAGAZIN: Mr. Wolff, Soviet Party Chief Mikhail Gorbachev wants to modernize his industry and introduce new technologies at a stepped-up pace. Is that already reflected in German order books? Is the East trade at the threshold of a new boom?

Wolff: There has always been much more talk about the East trade than is warranted by its real importance in the total foreign trade of this country. For, including China but without the GDR, it has oscillated around 5 percent since the end of the 50's. Only once, in 1976 or 1977, it rose to 7.1 percent. If we add the trade with the GDR, then we can increase this figure by another 2 percent. The East trade has always had something romantic about it. There is not yet any effect from Gorbachev's new economic line. The new 5-year plan will not be published until February.

INDUSTRIEMAGAZIN: Do you have concrete indications concerning the priority sectors of the new plan from 1986 to 1990?

Wolff: When I was in Moscow in September, I arranged with the Soviets that they would send an information team to the FRG to explain to the interested parties in the FRG what the 5-year plan signifies. Undoubtedly it will look different than the preceding plans. Gorbachev wants to distribute the resources differently. In the past, it was expansion that was more involved, thus the development of new capacities. In this process the Russians apparently had greatly neglected reinvestment. That is supposed to change by modernization of existing installations.

INDUSTRIEMAGAZIN: Declarations of intention of this nature had also existed even before Gorbachev.

Wolff: About 15 years ago we were with a delegation to see Kossygin. Even then modernization and rationalization of light industry was at stake--in other words, textiles, shoes and so on. The bosses of Salamander, Freudenberg and many others negotiated about orders not only for machines but also for systems and for planning methods. After a year everything had petered out like a river in the desert. What Gorbachev now favors is nothing new to the Soviets.

INDUSTRIEMAGAZIN: Are there indications of concrete projects which could be of interest to German enterprises?

Wolff: No, I do not have the slightest notion of that and apparently not even the outlines have transpired over there. When I was there for 2 days in September, I gained the following impression: In the past the Soviets set aside two-thirds for new investments and one third for reinvestment. This ratio is now to amount to probably 50 : 50 or even a little more for reinvestments.

INDUSTRIEMAGAZIN: Would that be favorable for the Germans doing business in the East? In the past they earned most money with installations and big projects.

Wolff: When I view the structure of German industry I have the feeling that we would have better opportunities as a result. For everybody is chasing after big projects: the British, the French, the Italians and so forth. Our small, medium, and large enterprises after the war have learned how to develop and modernize. Also as regards flexibility, we are superior to the Americans, the French and others. If the Soviets emphasize modernization, I foresee bigger opportunities for us than in the past.

INDUSTRIEMAGAZIN : Unless Moscow orders from other countries for political reasons.

Wolff: Despite all prophesies of doom, politics has had virtually no effect on trade. Not even after stationing of Pershing II and cruise missiles. In 1984 we anyhow had a plus of 10 percent in East trade, in other words with the CEMA countries. Of that, German imports, with 18.4 percent, increased more than all exports, with 2.4 percent, but there was no reduction. From January to August 1985, we had an increase in volume of 5.4 percent. Our exports rose 7.1 percent, imports 3.5 percent. The trend has changed in our favor.

INDUSTRIEMAGAZIN: The FRG had a trade deficit with the CEMA states for several years.

Wolff: Well, I want to tell you how that happens. The Soviet Union profited a great deal from its energy exports, especially from the natural gas deal. Therefore it lost money especially in 1984. In 1985, it looks quite different. In the meantime the other CEMA countries once again import more after they had applied the brakes for 2 years on account of their foreign debts--especially the Czechs. Owing to an improved balance of payments, they are again buying more from us, whereby I exclude the Romanians. But the Bulgarians are clearly ordering more, the Hungarians obviously, the Czechs now, too, and even the Poles are coming back despite their special problems.

INDUSTRIEMAGAZIN: Nonetheless the share of the Bloc business stagnates at 5 percent of the total German foreign trade. Why isn't it possible to jump over this limit?

Wolff: You must not forget all the things that have happened since the end of the 50's. With the Rome EEC treaties the European market received a tremendous attraction. That went at the expense of all other markets. Everything declined except for the East trade. That shows how strong it is. Despite all political crises, it has proportionately kept pace with our foreign trade increases. That is to say, the steadiest and most stable relationship between us and the so-called socialist states is the trade. It was always used as a bridge even though there may have been a fight somewhere.

INDUSTRIEMAGAZIN: Is the China business going to cause an increase in the entire East trade?

Wolff: In the China business we can expect considerable increases. But as an "old China hand" I may say: More fuss is made about it than it is worth.

INDUSTRIEMAGAZIN: Obviously the competition has also become fiercer on the East markets. French, British and Italians several times have snatched away large orders from the Germans this year. The experienced exporters of Mannesmann-Demag, e.g., lost a billion project of the Russians to Italimpianti.

Wolff: In September the then acting Deputy Foreign Trade Minister Komarov kidded me. He asked: "Since when is the German industry so alarmed that it immediately starts to moan when it once loses an order?" It will happen time and again that, e.g., the Italians will prevail. The other countries have by far bigger deficits in the foreign trade balance than we have. Therefore it is understandable that Bettino Craxi intervenes. Of course, that also plays a part. But it is certainly not true that we are omitted from East trade because we have a federal government that is especially pro-American. That would not be in the interest of the Soviets either because we are also the biggest consumer market for them.

INDUSTRIEMAGAZIN: The other European governments not only intervene, they also offer better financing terms.

Wolff: That also undoubtedly plays a role. The mixed financing, e.g., of the French, however is reflected rather in dealings with the francophone states of Africa than with the Soviet Union. But in spite of all OECD agreements, such things happen time and again. As ever we hold the view that we ought not lower the cost of our export credits by interest subsidies. We have enormously benefited from that in the discussion on the natural-gas--pipeline business transaction. There we were able to stand up to the Americans.

INDUSTRIEMAGAZIN: The Federal Government has recently promised in principle new export guarantees for deliveries to the Soviet Union. Are sizable sales impending?

Wolff: Two sizable projects, a polyester plant and a metallurgical plant, are now under discussion. But with the new 5-year plan, a new course is being set. And here we must focus our attention on new needs.

INDUSTRIEMAGAZIN: The Russians also want to build a new gas pipeline.

Wolff: I don't know whether that will be possible once again. For it must not be forgotten that we had to thank the socialist government of Norway for the previous deal with the Soviets. The then government chief did not want to sell her gas to us. The Dutch, too, were pursuing another natural gas policy than they do now. In the meantime more natural gas has been discovered than we perhaps like and new reserves in the North Sea are added constantly. According to the latest Exxon projections, shortage of natural gas will occur in 1995, not in 1990 as previously calculated. For this reason alone I do not envision a second gas pipeline.

INDUSTRIEMAGAZIN: In most East Bloc countries trends emerge towards more independence of the individual enterprises and combines to increase their efficiency. Is selling going to be easier as a result?

Wolff: Every country seeks its own road towards greater decentralization. There is the GDR model with the so-called combines. Then there is the Hungarian model and a Romanian one. The Hungarians traditionally are much closer to the central European market than, e.g., the Bulgarians. Therefore they rely more on the Western markets than Bulgaria, which is based more on intra-Bloc trade. The GDR not only has discovered the West trade, it also pursues it particularly consistently. We have some very nice figures for 1985.

INDUSTRIEMAGAZIN: How big are the growth rates?

Wolff: About 14 percent. But I agree with Mr Honecker that we should not oversell that. We want to retain our freedom of action.

INDUSTRIEMAGAZIN: For example, for East-West German cooperative efforts?

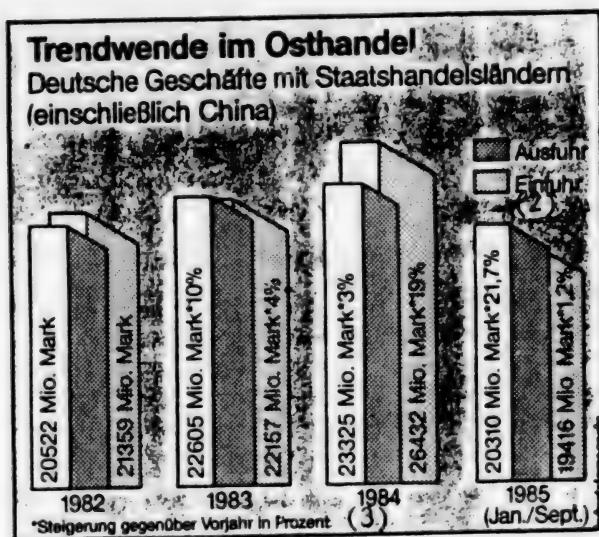
Wolff: When the Soviets recently touched upon the topic of occupational training, I told them: "Wonderful, that is a German-German strength. Occupational training in the GDR is among the best in its sphere, while ours is the best in Western Europe." Then I spoke with Antonov, the present chairman of the German-Soviet Economic Commission, for almost an hour about possibilities for co-operation in occupational training. I would be happy if we can do that together with the GDR. We are probably going to establish a joint commission for occupational training.

INDUSTRIEMAGAZIN: To come back to decentralization once again. If the combine managers are permitted to purchase independently, that could open up considerably better business opportunities for German suppliers.

Wolff: There is of course one barrier: foreign exchange. Especially the smaller Bloc countries are leery in this respect from past experience and accordingly have reduced their West trade. But fundamentally that is correct and has always

## Change of Trend in East Trade

### German Business Transactions With State Trade Countries (including China)



Key:

1. Exports
2. Imports
3. \*Increase over previous year in %

been our stated aim. At least the technicians should be able to talk directly with one another. There should not be as long a waiting period as happened to us as Otto Wolff AG: Our experts did not get together with the technicians of the Gorky Automobilie Plant until after a complaint had been lodged. They had complained about the quality of deep-drawing sheet steel. Only for that reason were we able to bring our engineers together with their Russian colleagues on the spot. Prior to that the line of communication ran only via the foreign trade ministry.

INDUSTRIEMAGAZIN: One of the main annoyances in the East trade in past years did not originate from Moscow but from Washington. The long boycott lists within the COCOM framework increasingly hamper the export of computer-controlled plants and machines to the East.

Wolff: Everybody understands that we do not export any goods which directly benefit the defense system over there. I, too, make that clear to the Soviets. It becomes problematical in the case of the technologies which are classified under the term "dual use." There are disputes with parts of the U.S. Administration. While our position is on the liberal side and we say: only whatever can be clearly identified as military must not be delivered, the hardliners in Washington prefer to ban more rather than less. That is what is involved. The COCOM philosophy has always had two schools: the strategic and the military. The representatives of the strategic line would like to expand the export bans as much as possible. We urge that exclusively defense-relevant items are involved. In this whole story it should not be forgotten that we are not in any condition of economic warfare. The whole matter is likely to assume grotesque forms, in other words is getting out of hand in a West-West restriction.

INDUSTRIEMAGAZIN: Do German enterprises which participate in the U.S. SDI program have to be afraid to be kept on an even shorter leash or, the other way around, to be boycotted by the Russians?

Wolff: I don't understand enough about that. Enough amateurs have already expressed their opinions on this subject.

INDUSTRIEMAGAZIN: Nevertheless: Is the Bloc trade also going to survive the SDI participation?

Wolff: Atmospherics may occur, but life will go on, the needs continue to exist. We have skills, we are the biggest market, the Russians want something from us. We have many parallel wishes, e.g., better quality for their products on the German market. In my opinion, all that will always be stronger.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

BREMEN RECOVERY DUE TO INTRODUCTION OF NEW TECHNOLOGIES

Duesseldorf HANDELSBLATT in German 13 Jan 86 p 16

[Article by Hartmut Schmaedeke, director of the Bremen Society for Economic Development: "Locational Factor 'Presence of Intelligent Technology' Becoming Increasingly Important"; first paragraph is introduction]

[Text] 11-12 Jan 1986, HANDELSBLATT--It is quite common to think of Bremen as a synonym for crisis--shipbuilding crisis, steel crisis, fishing crisis and, in the end, state financial crisis. Many have yet to forget the spectacular end of the legendary Bremen "Weser" Shipyard AG in 1983. There is less awareness of Bremen's chances for coping with the structural transformation of its economy.

The closing of the shipyard is the subject of an academic study by the University of Bremen. The findings: approximately two-thirds of the workers employed by "Weser" AG when it closed have found new jobs. One fifth of the former employees are unemployed. It is informative to note that more than one-third of the workers have at no point since the closing was announced (in August 1983) registered with the unemployment office. One out of three has neither sought counsel nor looked into employment mediation, nor applied for unemployment benefits.

The study points out that the labor market is not a static quantity. Employees are continually being fired or are themselves resigning, registering as unemployed or finding new jobs. In competition for open positions, the former employees of "Weser" AG had very good chances. On the one hand, they were for the most part skilled workers semi-skilled assistants with good and very good qualifications, while on the other hand the employees had long and broad experience. In small and medium-sized companies in particular, there was a great deal of willingness to make use of the expertise and experience of former "Weser" AG employees.

Part of the workforce sought out new jobs on their own or took a step towards independence--even on the old company grounds. The Bremen Society for Economic Development contributed substantially to the reactivation of the unexploited industrial space.

--In less than 2 years, it has been possible to modernize the 250,000 square meters of space in Bremen with investments of DM 15 million and;

--To sell or rent all space to private companies, except for the former administrative building.

--Fact: On the former grounds of "Weser" AG, 250 new jobs have been created.

--Structural transformation and technology: The introduction of new technologies, product innovation and the rise in productivity are the prerequisites for the consolidation and the development of the competitiveness of companies and thus prerequisites for greater employment. The more effectively and quickly research findings and market demand stimulate one another, the more successful product innovation is. Only then is a development and expansion of the locational factor of the "presence of intelligent technology"--which is becoming increasingly important to the development of an economic region--possible.

The expansion of technical science academia in Bremen is gaining in importance. Symptomatic is also the fact that university and non-university research institutes will be making presentations at the Hanover "Research and Technology" trade fair for the first time in 1986.

Other encouraging developments include the development of marine and geosciences, the expansion of production and procedural technology, the concentration of finishing and adhesive technology at the university and not least of all the impending establishment of a chair for space technology, adding to the fact that the areas of production technology, electronics and information technology at the University of Bremen and the Bremen Technical College have enjoyed a good reputation for many years now. The desire remains that qualified graduates from Bremen can and will in the future assume greater responsibilities in Bremen instead of offering their knowledge predominantly to companies in the southern German conurbations.

The positive development of technical science academia in Bremen, especially at the university, would be given a tremendous push if a site unique to northwestern Germany could be activated. There is an area of approximately 500,000 square meters surrounding the university, with direct access to the autobahn system, in the vicinity of Bremen's most attractive residential areas, bordering on the famous Buergerpark and 10 minutes by car from the central city, which is available as an integrated technical and scientific economic site. The attractiveness of this site is having its effect almost without any assistance. The establishment of the Bremen Innovation and Technology Center (BIZT), which will in the next few days begin operations, is to this extent only the beginning of a mixed use area for science and business that must be planned carefully and spaciously.

It is historically demonstrable that science and industry in Bremen do not yet have the status that must be accorded them if the restructuring of the Bremen economy is to come about. Of course Bremen has the well-known high technology firms in the aerospace industries, ship electronics and automobile manufacture. But this advanced technology is concentrated in a few large

companies, which are moreover dependent on conglomerates. Despite several outstanding examples, the range of technology-oriented medium-sized companies is still too narrow. The fear of contact between small industry and the University of Bremen is ultimately in keeping with the historic consciousness of Bremen with respect to science and industry.

Cooperation between the technical science academia at the University and quite a few large companies both in Bremen and elsewhere should encourage the small business economy of Bremen to follow the same or similar paths. Only a broad range of research and development intensive small businesses with the potential for development into large companies will have a lasting positive effect on the structure of Bremen industry and thus on Bremen's economy.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

BERLIN CONSTRUCTION INDUSTRY PREDICTS FURTHER LOSSES IN 1986

Duesseldorf HANDELSBLATT in German 29 Jan 86 p 17

[Article by eh: "Number of Workers Declines Further"]

[Text] 1986 brings no prospect of an end to the crisis in the construction industry in Berlin. Real volume of construction will continue to drop, the number of those employed in the principal construction trade will decline further. The Fachgemeinschaft Bau e.V. [Professional Building Trades Association] gave this prognosis at its annual press conference.

As President Hohoff announced, 1985 was characterized by drastic collapse. Real volume of construction was estimated to have declined by 10 percent to about DM 2.7 billion, in the first 10 months orders received dropped by more than 10 percent and the number of building permits issued--measured by cubic meters of converted space--fell by as much as 30 percent. The number of hours worked dropped by 11.5 percent from January to October. The average number of workers employed during the first 10 months was only 31,928, compared with 33,625 during the same period of the previous year. The annual average number of unemployed in Berlin's primary construction trade was just under 5,700. This raised the unemployment rate to 17 percent, compared with 14 percent in 1984. By contrast, the annual average number of temporary workers dropped to about 2,300, against 2,800 in 1984.

For 1986, the Fachgemeinschaft Bau is making a best estimate of a decline in real construction volume of between 2 and 3 percent. However, the prerequisite is the budget estimates for public investment are actually upheld, that modernization and repair are started more quickly and the funds for construction of publicly subsidized apartments are approved earlier than last year. Also, greater numbers of building contracts must not be allowed to go to companies from the FRG, whose share of construction volume in Berlin amounted to about 15 percent, according to estimates by the Fachgemeinschaft. West German companies accounted for between 25 and 30 percent of residential construction, about 15 percent of commercial construction and less than 5 percent of high-rise and below-grade construction. The Fachgemeinschaft estimates the cost advantage today for the companies from the FRG, which is based on the higher wage levels in Berlin, to be about 10 percent. In 1982-83 the cost difference was 18 to 20 percent.

Construction costs in Berlin rose by only 1.3 percent in 1985, for basic construction the price increase was only 0.6 percent. For 1986 the Fachgemeinschaft estimates that price increases will be below the rise in the cost of living index. Hohoff describes the Senate's planning for the construction of publicly subsidized dwellings as totally inadequate. He said that the temporary difficulties with rentals had passed, and demand was higher than assumed by the Senate, even if the annual building program is increased again to 5,000 residential units, compared with the previous plan for 4,500 units. In 1986 only 5,850 units are to be built through publicly subsidized construction, after 7,050 were built in the previous year.

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ECONOMIC

ITALY

### LIBYAN FIAT HOLDINGS SECOND TO AGNELLI SHARES

Holdings Reportedly 15.9 Percent

Rome LA REPUBBLICA in Italian 10 Jan 86 p 4

*[Text]* When 9 percent of Fiat's capital was acquired by the Lafb *[Libyan Arab Foreign Bank]* in December 1976 the lawyer Agnelli could hardly have imagined that the Mediterranean partner who had joined the firm would eventually prove to be so embarrassing. At the height of the energy crisis and discontented with motor vehicles to the point of considering gradually abandoning the sector, Fiat was sailing in troubled waters at that time to put it mildly. Its finances were on the brink of disaster, and it took all the experience of a man like Cuccia to find a safe anchorage on the international scene.

#### Saudi and Misellati Schooled in London

Col Qadhafi financiers came forward with an offer that was even said to have been sponsored by the Italian Embassy in Moscow. The Lafb poured \$415 million into the coffers of Fiat, a figure equal to one-fourth of Italy's foreign debts at the time. The shares were negotiated at a price of 6,000 lire, while Fiat's shares were worth 2,000 lire on the stock exchange (They went up to 2,400 lire after the transaction). It soon became clear that this first investment of petrodollars in Italy had a political value to the Libyans that went far beyond the mere financial investment.

At that time the Fiat shares in Libyan hands placed the partner from Tripoli in second place on the list of groups controlling the Turin company, after Ifi (the Agnelli family), which held 26.5 percent. In time this position would be raised further than those of all the other partners, but at that time no one could predict the developments and above all it was just about impossible to find any alternative.

Abdulla A. Saudi and Regeb A. Misellati joined Fiat's board of directors as representatives of the Libyan bank. The former was president of the Lafb and the latter was deputy director of the Central Libyan Bank, both men in their forties schooled in economic and commercial sciences, experienced in the City's financial circles, and Qadhafi's advisers on international affairs.

It was very soon realized what they really wanted to do. Only a few days after the announcement of their joining Fiat Saudi and Misellati declared, "We have no intention of limiting ourselves just to collecting dividends from Fiat. We shall certainly do something more than clipping coupons." They were not lying.

In 1982 the interest in Fiat, which had gone up to 13 percent in the meantime by way of a capital increase, was transferred from Lafb (the fourth Libyan bank) to Lafico /Libyan Arab Foreign Investment Company<sup>7</sup>, its holding company headquartered in Tripoli. Lafico has interests in a hundred companies scattered throughout the world, 15 of which are in Malta, 12 in Europe, and the rest in Africa, Asia and Latin America. The Arab Banking Corporation of Bahrain, one-third controlled by the Lafb, owns a bank in Frankfort, one in Paris and the Atlantic Bank of Santander in Spain, and it has made huge investments in New York. The present president of the Arab Banking Corporation is Abdulla A. Saudi, who was replaced on Fiat's board of directors along with Miselatti. Ali Mahmoud Elgheriani and Mohammed T. H. Siala, two financiers worthy of their predecessors, took their places on the Corso Marconi. Both were experts in business administration in London, with international experience, and in Col Qadhafi's complete confidence.

#### "They Are Correct and Exemplary"

To return to Lafico, that company has industrial holdings amounting to about \$45 million and it shares in 10 holdings, one of which is Fiat, amounting to a total of \$400 million. In many cases its interests come to 50 percent. Its Fiat holdings amount to 15.19 percent today, second only to Ifi's (that is the Agnelli's) 31 percent. After the capital increase in 1981 the Libyans also subscribed to the mega-capital increase in 1984, confirming them once more as partners with no intention whatever of giving up this authoritative position of theirs on this side of the Mediterranean. At current market values their holdings are worth 1.8 trillion lire (about \$1 billion).

Elgheriani's and Siala's offices are on the seventh floor of the building on the Corso Marconi, one floor below Agnelli's and Romiti's office. They visit Turin regularly, and normally one of them is always present at headquarters. Siala is also on Fiat's executive committee together with Giovanni and Umberto Agnelli, Romiti and Gabetti (The committee is a body engaged in routine business, that is the decisions that can be made without involving the board of directors).

A few days ago, and not for the first time, the news went around the Milan stock exchange that Fiat had bought back the Libyan shares. Someone put the share price at 12,000 lire that the Turin company had paid to return the Libyan interest to the "family." But the rumors, probably fostered by the excitement caused by the events in the Mediterranean, received no confirmation from Fiat and even less from any Libyan source.

The truth is that there is no mechanism that could compel the Libyans to give up this desirable financial position of theirs in the western world, nor have they any intention of doing so. Actually as far as that is concerned they behave in their relations with Fiat as if the "Coral Sea" were on the Sea of Japan and not in front of the Gulf of Sidra.

In the period of Red terrorism, when the lawyer Agnelli was asked about the embarrassment that could be caused by a partner who did not hesitate to profess

his sympathies, and perhaps even his support, for the groups that were staining Italy with blood, he replied, "The men who sit on our board of directors on behalf of the Lafb are correct and exemplary persons." And that answer does not seem to have changed today.

#### Libyan Managers: Low Profile

Rome L'UNITA in Italian 9 Jan 86 p 2

Text The office is on the seventh floor of No 10 Corso Marconi, just one floor below the one of Gianni Agnelli. The man who crosses its threshold every morning dresses in European style with the refined elegance of a manager. But his name and his passport show that he is a Libyan official, placed in this post by his government, with the title that accrues to him from his ownership of about 14 percent of Fiat.

Later when the 15 members of Fiat's board of directors meet on Corso Marconi, Ali Mahmoud Elgheriani, representing Libya's Ministry of Heavy Industry, and Mohammed T. H. Siala, representing Lafico (meaning the Libyan Arab Foreign Investment Company), sit beside the Agnelli brothers, Cesare Romiti, Guido Carli, Walter Mandelli and other noted personages. Siala is also one of the six members of Fiat's executive committee, a kind of "privy council" that makes the strategic decisions of the multinational firm (The other five members are Gianni and Umberto Agnelli, Cesare Romiti, Gianluigi Gabetti and Franco Grande-Stevens).

That is why the press office on Corso Marconi replied circumspectly yesterday to the reporters who were asking what Fiat thought of Reagan's appeal to the European allies to ban any economic relationship with Libya. The official reply was, "Since the Italian government has not yet made any decision, Fiat is not confronted with the problem."

There would certainly be a great many problems for Fiat if our authorities were to join Reagan's boycott. Libya's present investment in the major Italian industry is estimated at about 350-400 billion lire.

At first the Libyans invested about 360 billion lire in Fiat, in the form of shares, convertible bonds and a loan in dollars. Next they converted the bonds to shares, bringing their share in ownership of Fiat up from 9.7 to 13.8 percent, a very considerable interest in view of the fact that the Agnelli family owns about 33 percent of Fiat. Since then they have always contributed to Fiat's capital increases. Again in November 1984 they punctually paid in their quota of 110 billion lire on the occasion of the last readjustment. Of course the Libyans have also profited: About 30 billion of the 223 billion in profits distributed to the shareholders last year wound up in Tripoli. But the relationships between Fiat and Libya are not only financial. For example the Libyan market is one of the chief ones for Iveco, the truck sector of Fiat. And Iveco is actually completing an assembly plant for trucks and buses at Tajoura in Tripolitania. And what about arms? No news on the subject is forthcoming, but it is known that the Fiat group is producing various armaments and that this kind of "merchandise" reappears in various parts of the world after "commercial" transactions that are very difficult to reconstruct.

ECONOMIC

ITALY

STUDIES ANALYZE CHANGES IN ECONOMY, POPULATION

Heavy Losses Sustained

Rome LA REPUBBLICA in Italian 11 Jan 86 p 31

[Article by Alessandra Carini: "State Industry: Sick Giant"]

[Text] 27,000 billion lei in investment capital received in 10 years, offset by about the same amount in balance sheet losses (25,500 billion). Another 60,000 billion borrowed from the Italian financial system. Such has been the cost of government participation over the last 12 years. Public enterprises in the aggregate now make up about one-fourth of the entire industrial system. Out of every 100 lire invested by the banks, 25 are absorbed by ENI, IRI, EFIM, and GEPI. Out of every 100 employees of industry as a whole, 10 work for these 4 administrative entities.

At the end of 1984 the public enterprise system seemed gigantic; in no other Western country was the share of business run by the government so large. But this giant seems to have fallen ill. It turns a profit in service sectors or in those where it can collect revenue as a monopoly (telephone system, highways, energy, etc). Many times it cannot withstand competition by private enterprises in other sectors. It is losing in many areas, without being able to pull out of its slump, the result for the most part of rescuing private firms. The "manager doctors" who have hastened to its bedside, such as Romano Prodi and Franco Reviglio, have tried to cure it. They have spent less, reduced indebtedness, and obtained help from the government, but their efforts are too modest in relation to the magnitude of the problem.

These are the findings of a study by CEEP, the Economic Policy Studies Center headed by Giorgio La Malfa. A group of experts and students under Riccardo Gallo has compiled a report reflecting the development of public enterprises.

Its analysis, based on financial statements, laws, and the most significant stages in the history of government industrial participation, extends to 1984, a year which marked a turning point in administration. However, La Malfa is convinced that this is not enough and that the system must be reformed. Public corporations should concentrate their efforts on sectors which contribute to alleviation of the balance of payments problem (energy), basic infrastructures (transportation and communications), and supporting

markets (in housing construction, for example). But along with this there is need for an institutional reform helping to sever the hidden link to political power. The remedy according to La Malfa lies in "institutional revamping of the system and in guarantees that partial privatization of businesses will be accompanied by participation in management by private firms." Following a discussion among experts of different schools of thought, the proposals will be given expression in a draft law which will be submitted to Parliament. Will new standards be enough to change uses and practices applied for years?

The law establishing the Ministry of Government Industrial Participation provided that corporations would have to comply with economic operating efficiency criteria. Something entirely different has happened, "not so much and not exclusively," states the Report, "because of the incompetence of management as because of the decreasing autonomy enjoyed by management relative to its political partner." This, the Report goes on to say, has fostered "erosion of the professional capabilities of public managers, who who have always been required to substitute exercise of sociopolitical mediation for more essential technical skills."

The economic and financial imbalance caused by all this has led to a kind of vicious circle harmful to the system. As a matter of fact, investment capital has been allocated to offset this disruption. The monopoly revenue collected by some services has increased (for example, AUTOSTRADE charges have increased fivefold in 10 years, while the net earnings of SNAM, which produces methane, have grown by a factor of 2300). According to the study, government allocations have multiplied, and even the point of pretense is reached, as happened this year in the financial law, where 3,500 billion were listed as loans, while in reality the entire amount was a government outlay either for payment of interest or for reimbursement of capital.

This policy has "tended to diminish the descriptive capacity of the financial statements of businesses, hampering the identification of economic disruptions and any inefficiencies that might exist." It has increased the dependence on political power and the shifting of responsibility from management. "Management has consequently moved away from the efficiency criteria favoring expansion, which generates power, with attendant increase in losses to cover which additional funds must be spent." The escalation has taken the system from a profit of 41 billion in 1973 to a loss of 5132 billion in 1983. The loss was reduced to 2888 billion in 1984, not only as a result of improvement in operational management but because of the "massive infusion of capital by the government between 1983 and 1984 (11,400 billion), a good 3400 billion above the losses incurred."

And what about the private sector? Comparison of private and public industry from the viewpoint of management data shows industry to be the loser. Even leaving aside the extreme case of comparing the figures for RAI with those of the Berlusconi group, in the sectors in which the firms have met in the marketplace the financial statements and productivity indicators clearly favor the private firms. This was the case for many years in the cement production sector, and still is in the automotive sector. The situation in the private sector, however, is a twofold problem for public corporations. Without hundreds of rescue operations decided on and carried out

at the expense of the public system, some 1000 billion in losses in recent years would perhaps still have to be absorbed by the private sector.

### The Years of Deficit

	Total (1974-1984)
<b>IRI</b>	
Net balance	-17,288
Payments to treasury	23
Payments to capital investment fund	17,318
<b>ENI</b>	
Net balance	-4,000
Payments to treasury	0.3
Payments to capital investment fund	5,194
<b>EFIM</b>	
Net balance	-2,747
Payments to treasury	---
Payments to capital investment fund	1,864
<b>GEPI</b>	
Net balance	-1,500
Payments to treasury	---
Payments to capital investment fund	2,526
<b>Totals</b>	
Net balance	-25,535
Payments to treasury	23
Payments to capital investment fund	26,902

### Private Firms Gain

### Automobiles Per Employed Person

Alfa: 6.1\* BMW: 9.7  
8 if persons receiving unemployment compensation are included

**Billing per employee  
(in billions of lire)**

RAI: 46.2  
UNICAM (FIAT): 195

## A Boom in Rates

	Net operating proceeds		Change, 1984/1974	
	1974	1984	Nominal	Real
	(billions of lire)		(in percent)	
SNAM (methane sector)	372	9,128	+2,353.8	+425.8
SIP	914	7,673	+ 739.5	+ 79.9
RAI	192	1,200	+ 525.0	+ 33.9
AUTOSTRADE	140	998	+ 612.9	+ 52.7

## Trend Toward Zero Population Growth Noted

Rome LA REPUBBLICA in Italian 11 Jan 86 pp 31-32

[Article by Felice Saulino: "This Is Zero Growth Italy, with Longer Life but Fewer Births"]

[Text] He is living longer and the population is headed for zero growth. He is not wildly enthusiastic about getting married, but once he has taken the big step he is cautious about divorce as well. He is better educated, but also more aggressive (crime is on the rise). He is young and often unemployed, but when he has a job he tends to indulge in conspicuous consumption to acquire status symbols. This is the picture of the average Italian in 1984 as it has been drawn in the 1984 Statistical Yearbook. It surprisingly is the picture of an Italian hedonist. And the most surprising thing is the source, the Central Institute of Statistics, an agency not fond of "color," an official institution which records figures from official sources or collects data from sufficiently large and authentic samples.

This is a definite sign of the major changes fermenting under the surface of a country wrongly considered very slow to react to change and too conservative. It is a picture of a country motionless only in the eyes of those who reside in the centers of power.

The first surprise is that the population is growing only very little, at the rate of 3 promille per year. From 1981 to 1984 it increased barely 544,000. Over the decade from 1971 to 1981 population grew at the rate of 4.4 percent per year, and the decade before that at the rate of 6.7 percent. In the North the birth rate is even negative (-0.9 promille), but even in Central Italy the rate is low (3 promille). The South and the islands are headed in the same direction (an increase of about 8 promille). From the demographic viewpoint, even the South is moving away from the Mediterranean and crossing the Alps.

Another unexpected development is that per-capita income outstripped inflation in 1984 (12.63 percent as against 8.6 percent) and spending for luxury goods increased. Naturally, there was also an increase in imports of expensive products and foreign travel became more common.

The third surprise is that Italians are abandoning the cities, and not just the large metropolitan areas but cities with more than 100,000 inhabitants. Almost all cities throughout the country exceeding this figure are losing

residents. The Statistics Institute does not indicate the reasons for this phenomenon, but there are basically two of them, decentralization of production favored by new technologies and the greater ease in finding rental housing in small urban centers.

The fourth surprise is that the population is increasingly female. There are already 1-1/2 million more women than men and their lifespan has lengthened to 77 years, while the average for men is just below 70 years. At the same time, the population is becoming more sickly. The number of persons in poor health has risen to 19.4 percent of the total and drug consumption has literally exploded, around 9 million units of antineurinalgic drugs and pain-killers being taken. To be added to this are another 3 million tranquilizers and 728,000 sleep-inducing drugs.

#### Recent Population Trends

Year	Resident Population	Population Increase	Marriages, religious and civil	Marriages per 1000 inhabitants	Divorces
1981	56,536,499	--	322,968	5.6	14,426
1982	56,742,468	+97,010	316,953	5.5	15,752
1983	56,929,101	+49,129	300,855	5.3	16,005
1984	57,080,498	+61,899	298,028	5.2	16,852

#### Economic Changes Linked to Demographic Development

Rome LA REPUBBLICA in Italian 11 Jan 86 p 32

[Commentary: "As Population, Economy Change, Teachers Give Way to Ecologists"]

[Text] The population is changing, and the economy along with it. The zero growth and the migration to the countryside are bound to cause radical changes in the economic picture as well. The new problems presenting themselves on the threshold of the 21st Century are generating new professions. The drop in the birth rate is causing others to disappear.

The change has already been reflected in the figures released by the Central Institute of Statistics. The first victims are teachers. Over the last 5 years the number of children attending elementary schools decreased by almost 500,000. This means 30,000 fewer classes. The decline has been slower in secondary school, but the zero growth wave is on the verge of washing over its teachers too. In 1984 the number of secondary school students dropped by almost 30,000, that is, by 60 fewer classes than the previous year. This means that there are no more openings for new teachers in all of compulsory education.

Other professions are cropping up, on the other hand. Ecological concerns are spurring new initiatives and attracting capital. Pollution control has already become a business, especially in Milan, Turin, and Rome, which according to the Central Institute of Statistics were in 1984 the most heavily polluted cities in Italy.

Italian business figures now reflect heavy spending for fashions and spreading hedonism, additional consumption encouraged by a status-conscious society. One example is that a considerable amount of per-capita income intended for consumption is spent for luxury goods.

There are no major surprises in the remaining figures given by the Central Institute of Statistics. The unemployment figure in 1984 was enormous, especially in the South and among young people looking for their first jobs. Italy is still a nation of savers. There was an increase of 12.4 percent in savings from 1983 to 1984. Employee income outstripped inflation, by more than 11.4 percent. This puts Italy in fifth place in Europe, ahead of the Federal Republic of Germany and behind the Netherlands, Luxembourg, France, and Belgium.

As regards the gross national product, in 1984 it reached 612.112 trillion current lire, 13.6 percent more than in 1983. The growth in real terms was 2.6 percent, the highest in Europe.

Resources were used partly to rehabilitate the business system. The large-scale restructuring of production in progress in the country over the last 3 years spurred ahead in 1984. Among fixed capital investments, machinery and equipment absorbed 59.2 percent of the total, or more than 60 trillion.

One confirmation comes from the explosion of unemployment compensation, a gain of 758 million hours. The unemployment compensation fund is an instrument used in times of crisis, but also when restructuring of production is in progress.

However, the picture emerging from the statistics is not a uniform one. The gap between North and South, between advanced areas and backward regions, is clearly shown by the figures on the economy. It is a gap that goes on widening year after year. Take only the employment data. In 1984, 42.2 percent of the gainfully employed population worked in Northern and Central Italy, and only 35.6 in the South. The number of independent businessmen active in Northern and Central Italy was 4 times greater than in the South.

#### Employment and Spending Figures

Year	Employed	Unemployed	Family spending (billions of lire)	Percentage of Change in Spending
1981	20,544,000	1,895,000	248,224	+20.2
1982	20,493,000	2,052,000	290,984	+17.2
1983	20,557,000	2,264,000	333,399	+14.6
1984	20,647,000	2,391,000	377,781	+13.3

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CSO: 3528/67

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## FIAT ANNOUNCES RECORD INCREASE IN 1985 PROFITS

Rome LA REPUBBLICA in Italian 22 Jan 86 p 29

[Article: "Fiat Reaps a Record in 1985; 1,000 Billion Lire Profit in 1985, No Division Has Registered Losses"]

[Text] It did go well, but it could have been even better if Italy had been able to take advantage of the positive conditions which took shape in 1984 and of the favorable international economic trends. This remark by Attorney Agnelli, which was included in his letter to the shareholders, goes together with the yearly Fiat results for 1985--a year among the best in the history of the Turinese group: sales of over 26,000 billion, profits of over 1,000 billions, and none of the sectors were in the red. There were good prospects for dividends.

Since the change to a Fiat holding company in 1974--an operation which ended in 1979 with the formation of Fiat Auto S.p.A.--this is the first consolidated budget in which none of the sectors ended up in the "red." As Attorney Agnelli wrote in his letter to the shareholders, the remaining areas in which losses had occurred at the end of 1984 had been eliminated: in particular, the area of industrial vehicles, which by itself amounted to over 100 billion lire.

However, this is not the only interesting aspect of the accounts examined yesterday afternoon by the Fiat Board of Directors that met under the chairmanship of Attorney Agnelli on the eighth floor of the mansion in Corso Marconi. Translated into numbers, these accounts led to consolidated sales of 26,300 billion lire (2,487 billion lire more than in 1984); investments and research and development expenditures climbed from 2,115 to 2,450 billion lire; the net consolidated debt decreased from 4,043 to 2,985 billion lire; the operative profit amounted to 2,135 billion lire--exceeding 8 percent of sales against 7.8 percent in 1984; the internal financing of 2,674 billion lire resulted in an equivalent of 10 percent of sales (it was 8.8 percent in 1984); and the monetary balance of the group showed an active import-export balance of 4,350 billion lire.

The employment trend, however, is a different story. As a matter of fact, the number of Fiat employees in 1985 decreased from 232,000 to 224,000. Some 8,800 workers on unemployment compensation (there were 15,000 in 1984) are, of course, included in the calculations and are still shown as doubtful by the group. It

is also interesting to note how the cuts in employment have been consistent, especially in the car manufacturing division (-8,000), while we find an increase of almost 6,000 in the components sector.

As far as Fiat S.p.A. is concerned, the 1985 economic trend has been positive and is showing further improvement in comparison with the previous year. This result has been made possible thanks to an increase in dividends provided by participating companies, for a total of about 287 billion lire with an 84 percent increase over the previous year due to the efficiency of financial management. The net financial position of the group leader showed a credit balance of 1,400 billion lire (75 billion lire more than in 1984).

Is it possible to predict how the shareholders' meeting will vote in July concerning dividends? Last year it was in the amount of 110 lire, an amount which because of the previous increase in capital, was much higher than the 180 lire paid in 1983. This year the 1,000 billion lire profits (compared to the 627 billion lire in 1984) would make one think of a reappraisal. However, here we must remember that Fiat's policy has always been that of a group which, at a time of plenty, has always thought of profits without neglecting investments.

The following is a short picture of the trend in the major divisions of the group.

#### Automobiles

This sector, all by itself, has put together more than half of the group's sales. In 1985, together with companies in which they have a controlling interest, Fiat Auto has produced 267,600 automobiles in Italy, thereby keeping a 52.2 percent leadership on the national market and increased its sales by 7 percent during the year. The Uno, Panda, Ritmo, and Prisma automobiles, which are among the seven most sold models, contributed to these results as well as the launching on the market of the Thema, the Y 10, and more, recent recently, the Croma.

#### Industrial Vehicles

The sales have increased by about 700 billion lire in a European situation which varies from country to country. The most important fact in this sector, however, is the renewal of the line and the higher penetration into foreign markets along with the fact that the extensive losses that occurred in 1984 were wiped out.

#### Tractors

Sales have increased in spite of low world demands in 1985. Fiat has asserted itself as the number one European manufacturer and its tractors were the most sold in Italy and, for the 7th consecutive year, in Europe as well.

## Earth Moving Machinery

The slight increase in sales reflects the sagging of the market in 1985. Fiatallis increased its sales (by 6.6 percent), especially in Brazil and in the United States, thus improving its economic position.

## Components

About 800 billion lire increase in sales and 6,000 more employees: these two figures reflect the good trend in this sector which benefited from the automobile market as well as from the industrial components and defense products.

## Means and Systems Productions

At the end of 1985 this sector had an order list for 1,100 billion lire. For COMAU this has been a year for joint ventures with General Motors and Digital Equipment.

## The Following Are the Division by Division Accounts

The Bet on the Car Has Been Won

<u>Sectors</u>	Sales (in billion lire)		Employees (numbers)	
	1985	1984	1985	1984
Automobiles	13,950	12,878	99,722	107,681
Industrial vehicles	5,241	4,575	34,083	35,802
Agricultural tractors	2,135	1,951	11,381	11,393
Earth moving machinery	1,048	1,010	5,595	6,357
Metallurgical products	1,028	945	11,200	11,370
Components	3,300	2,539	36,126	30,439
Means and systems for production	659	580	4,297	4,301
Civil engineering	340	400	2,976	3,927
Railroad products and systems	159	144	1,222	1,301
Aviation	443	372	3,604	3,466
Thermomechanics	180	203	1,275	1,541
Telecommunications	475	412	4,836	4,764
Bioengineering	156	122	954	874
Publishing	206	197	1,298	1,309
Tourism and transportation	261	242	2,035	2,746
Others	287	379	3,617	5,031
	29,868	26,949	224,221	232,302
Exchange between divisions	(3,538)	(3,136)		
Consolidated net group sales	26,330	23,813		

1985: Provisional data

12521/9365  
CSO: 3528/74

ECONOMIC

SPAIN

## AGRARIAN REFORM IN ANDALUSIA ASSESSED

Objective: Productive Use of Land

Paris: LE MONDE in French 11 Feb 86 pp 35-36

[Article by Thierry Maliniak]

[Text] Agrarian reform! If there were ever two words that have long fed the flames of passion in Andalusia, it is these two! As a panacea for rural problems for the left and a pernicious assault on property for the right, agrarian reform has never ceased being at the center of political debate in this region. Now, at a time when it was believed to have been forgotten, at a time when membership in the Common Market is becoming effective, there it is once again, in the foreground of current events, arousing as many polemics as it did a half-century ago, or so it would seem.

Agricultural estates expropriated, landowners who claim to have been robbed and are ready to declare war on the government, landless workers threatening to take their place: such goings-on have not been witnessed in the memory of Andalusians since 1932, when the Republic had declared an agrarian reform which Franco was to cast quickly into the dungeons. Since that time, laws providing for the "expropriation for utilization" of poorly managed farmsteads had, of course, followed one upon the other; the Franco government had had its laws and after the return of democracy, the centrist governments had had theirs. But all these texts had remained dead letters.

Thus when in July 1984 the first Andalusian regional government, formed two years earlier by the socialists, promulgated a new law on the subject, no one seemed to take much notice. Nor again four months later, when it officially declared that the Antequera region, about 50 kilometers from Malaga, would be the first zone in which the agrarian reform would be implemented.

Observers had to wait nearly another year for the really sensational development: on 16 October 1985, the regional government announced the expropriation --under the form of obligatory rental to cooperatives--of 12 agricultural properties out of the 85 that comprise the zone, whereas about 30 others were subjected to various penalties.

Pursuing this initial thrust, the Andalusian government then announced the extension of the reform to seven other zones in four provinces. Within the var-

ious farmers' organizations, there was a clearing of the decks for action. As for the conservative opposition, it had filed a petition against the law with the constitutional court, which has still not handed down a ruling. The Seville court of appeals, on the other hand, recently determined (5 February) that the rule of application of this law is not in conformity with the common law. The Andalusian government immediately appealed this decision. While awaiting the definitive verdict of the higher courts, people on both sides are now polishing their weapons.

### Complexity

But what precisely is this reform that the leftist opposition deems insufficient and the rightist excessive, which the communists call "conservative" and the conservatives "communist"? Its methods are complex. The text provides for the computation of two sets of indicators for each region, based simultaneously on the crop yield and the level of manpower needed per hectare: the optimal one reflects the situation of the best farmsteads and the other the arithmetic mean of the results of all the properties of the zone. In addition, a coefficient of correction is applied to take soil diversity into account.

Those farmsteads with yields that amounted to less than half of the average over the last five years will be automatically expropriated. Those "bracketed" between 50 and 100 percent of this same average will be required to formulate an obligatory "improvement plan," under penalty of suffering the same fate.

The reform makes "expropriation for utilization"--that is, the obligatory renting of farmlands to cooperatives for 12-year periods--the rule, and full expropriation of properties the exception, to be carried out only "when serious reasons of an economic or social nature demand it." In addition, the farmsteads that do not reach 80 percent of the optimal index are required to pay an under-utilization tax, which is the heavier in proportion as productivity is lower.

So above all this is a "production-oriented" reform measure, and as such it breaks away from the old plan of the Andalusian left, long prepared to go to war with the latifundium system. "It makes little difference whether a farm is small or large; what is important is that it is productive!" exclaims Mr Miguel Manaute, the minister of agriculture of the regional government, in synthesizing the spirit of the reform. This is also the opinion of the president of this same government, Mr Jose Rodriguez de la Barbolla: "It is true that fifty years ago the left was still defending the concept of family farms, which constituted a factor of social stability and reinforced the ideal of democracy. Today we no longer hesitate to recommend a modern type of agriculture with expanded farmsteads, large-scale savings and high yields."

Is it a reform tainted with "neo-capitalism," as the work commissions communist trade union attests? The socialists make no mystery of it. "In the Andalusian agricultural areas there are many good farmers, but few good capitalists," declares Mr Manaute. "The crops are technically well grown but frequently badly selected: the proprietor prefers a crop with fewer risks and investments, even if it is not the most appropriate one indicated for his zone. Our reform aims at inciting him to a greater spirit of enterprise."

The socialists, however, deny that they have set aside social preoccupations. "A rightist reform would have concerned itself only with raw production," stresses Mr Francisco Vasquez, the president of the Andalusian Institution for Agrarian Reform (IARA). "We, on the other hand, by virtue of our indices, take into account both the production and the extent of utilization of the farmsteads. In a region where the pressure from the labor force is so strong, one must aim at a happy medium between profitable economic productivity and the social use of the land."

But the arguments of the socialists, whose idea is that "the reform will not affect good farm managers," have scarcely convinced the farmers' organizations, which have put up a solid front against the law. "The reform emphasizes raw production and not profitable productivity," maintains Mr Jose Bohorquez, the president of the Federation of Farmers and Stockbreeders of Andalusia (FASAGA). "The crops favored by the reform are not necessarily the ones that offer the best markets or the highest profits. Moreover, among the farmsteads that IARA has put at the top of the list in Antequera, certain ones are in fact facing a deficit!" And he concludes: "This reform goes contrary to community agricultural policy, which differs in preferring to incite the farmer to orient himself toward those sectors where profitable productivity is maximal and a market demand exists."

On the part of the Andalusian government, the feeling is that the grumbling of landed proprietors hostile to the law is in large part due to the fiscal transparency that it guarantees. Yesterday, farmers had a tendency to underevaluate their production in the internal revenue declarations they made. Today, on the other hand, they find themselves tempted to overevaluate it in order to meet the required indices.

At IARA headquarters in Antequera, officials claim to have discovered, while carrying out studies preliminary to the first expropriations, that about a third of the farmers had never declared anything to the internal revenue service! Without actually intending to accomplish this goal then, the agrarian reform should have the side-effect of considerably reducing tax fraud and of bringing up to date a land registry which in Andalusia often shows only a distant relationship to reality.

But will it also attain its true objective, that of modernizing and energizing the Andalusian farmlands by favoring the appearance of a class of more innovative agricultural entrepreneurs? Or is it only a "relic of another age," as is the feeling of the conservative opposition, for whom it can only paralyze private investment in the primary sector? Certainly, radical agrarian reform, as it was understood at the time of the Republic, has lost a good part of its rationale in present-day Andalusia: the image of the great landed absentee owner who kept fertile fields fallow for use as hunting preserves belongs more and more to the past.

Nevertheless, the mean indicators of agricultural productivity in the region, while higher than the national average, actually conceal deep-seated disparities. "We are one of the rare regions of Common Market Europe in which three different centuries are simultaneously present," confirms Mr Rodriguez de la

Borbolla: the 21st century, with its de luxe tourist accommodations on the Costa del Sol and the ultramodern irrigation-sustained agriculture of Almeria; the 20th, with its naval construction and ironworking industries in full reconversion; and the 19th, with its archaic agricultural methods in certain internal regions. Our reform aims at eliminating the 19th century."

There remains the fact that the agrarian question in Andalusia--in this everyone at the Seville conference was in agreement--presents many more problems besides those brought up by the agrarian reform. How to improve the marketing of products, avoiding the pyramid of middlemen who increase prices? How to facilitate the availability of credit to the farmer so as to allow him to modernize his operations? How to go about processing farm products on the spot and not have to send them to other parts of Spain?

"We export wheat but import flour," stresses Mr Manaute. In an area where 20 percent of the active population is still employed in the primary sector, these are questions which also indisputably and urgently require a response.

#### Objections to Methods Used

Paris LE MONDE in French 11 Feb 86 p 36

[Article by Th(ierry) M(aliniak)]

[Text] "You were no doubt expecting to find yourself face to face with a great landowner? Well, I'm not! You must realize that I am just a little working man who bought a farm with his savings and that I don't own even 100 hectares of land. And my two partners had very little as well. Today we have barely anything left. What do you want us to do? Take a gun and join the ranks of the ETA [Basque Fatherland and Liberty Group]?"

There is no doubt about it, our three interviewees could certainly have done without the questionable honor of being classified among the first farmers of Spain to be expropriated in over half a century! We are at ASAGA headquarters in Antequera, the city of Malaga province where the Andalusian regional government began to implement its agrarian reform at the end of 1985. The visitor is greeted by a chorus of recriminations: the studies that preceded the reform were carried out hastily and unsystematically, resulting in deviant conclusions, one hears.

At the local offices of IARA such accusations are denied. "We first established a classification of 24 types of soils, based on their fertility, before ranking each farmstead on the scale. Then we studied the yield and the level of manpower needed, property by property. The resultant figures were then computerized," Mr Ignacio Trillo, the director of the Institute assures us, showing us dozens of regional maps on the walls of a large room.

"The highest-ranking properties are therefore not those that enjoy the best soils, but in fact those that make the best use of the land. And our studies have shown that in the matter at hand, the disparities between farmsteads are enormous, which amply proves the need for reform."

### Bungling

"Classification of soils? The so-called agrarian reform experts who came to my house hardly even got out of their cars!" retorted one of the expropriated farmers. "If they made another classification today, I am sure that they would arrive at quite different results." Then he added: "In my case, the classification was particularly unjust: IARA demanded a yield from irrigated land over the last five years, whereas I did not install my irrigation system until barely a year ago!"

Everything leads one to believe, in fact, that the Antequera region has in some sort served as a guinea pig, and that this first implementation of the reform gave rise there to a certain amount of bungling. But must its very principle be brought into question because of this? The ASAGA officials are convinced that it must. "The very notion of establishing a form of equivalence between different farmsteads is ridiculous," they object. Each of these properties answers to too many individually different features to make an equitable comparison possible."

Of course IARA disagrees with this conclusion: "The philosophy of the reform remains a good one. But it is true that it would be better to improve the technical working-out of our indices, while taking into account supplementary criteria such as profit and productivity or the importance of investments. However that may be and whatever improvements are made, it is illusory to expect landowners to applaud an agrarian reform!"

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SPAIN

BRIEFS

IBERIA ABANDONS DOMESTIC SERVICE--Iberia, the Spanish national airline, has decided to phase out nearly its entire domestic service, our colleagues in L'ECHO TOURISTIQUE (27 January) announced. This service is deemed the truly guilty party in the financial troubles the airline has been suffering for the past four years (9.25 billion pesetas deficit in 1984-1985; 19.6 billion in 1983-1984). Iberia hopes thus to reestablish the point of balance by the end of fiscal 1985-1986. It is a draconian remedy. Iberia would retain only the main glide paths for departing or incoming international aircraft, turning over the rest to three new Spanish airlines, which will be responsible for the national service to the Canary Islands, Andalusia and the Balearic Islands, although it will still retain supervisory rights through the agency of its chief stockholder, INI [National Institute of Industry]. The company, which in fiscal 1984-1985 saw its business figure rise by 10.4 percent (275 billion) and the number of its passengers increase by 4.8 percent (13 million, of which a little more than half used the domestic network), plans to play its international card for all it is worth. [Text] [Paris LA TRIBUNE DE L'ECONOMIE in French 27 Jan 86 p 4] 8117

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ENERGY

AUSTRIA

#### ENERGY CONSUMPTION, IMPORTS FOR 1985 DETAILED

Vienna DIE PRESSE in German 19 Feb 86 p 13

[Article by Josef Urschitz: "The Retreat From Oil Was Stopped; Energy Imports in 1985 Were as Expensive as Never Before; Fuels Moved back Into the Affordable Range for the Austrian Economy"]

[Text] Austria was quite successful in "decoupling" of energy consumption from economic growth in past years: For example, last year the economy grew by 3 percent but energy consumption by only 1.9 percent.

But this positive development is now endangered: after all it is based essentially on savings which were favored by the exorbitant increases in energy prices of the late 70's and early 80's. Without the pressure of high energy prices, the savings potential discovered since the first oil shock probably would not have been utilized anywhere nearly as much.

But since last summer the energy prices have been dropping again; with regard to the still by far most important energy source oil, the price collapse has even assumed dramatic forms. At the same time, the exchange rate of the oil currency dollar declines. For the present this has had exceedingly positive effects on the Austrian balance of trade: The cost of energy imports which last year still increased by leaps and bounds presumably will again be more moderate this year.

Generally the experts fear that the much quoted "retreat from oil" could come to a standstill, there could even be a change once again to the inexpensive energy source oil. This would have clearly negative consequences in the medium term: The dependence on oil and thus on the oil states in the Near East would again increase, a new price shock with all its negative effects on the world economy would be the consequence.

That the "flight from the oil" was purely based on reasons of costs and that with continuing low crude oil prices it would be immediately forgotten meanwhile is regarded as proven among the experts. In Austria this thesis can be substantiated very nicely on the basis of statistics: After several years with declining crude oil imports, the imports of the "black gold" are growing again since the past summer. The pendulum started to swing in the opposite direction exactly at the time at which the downswing of the oil prices and thus the fuel prices started.

## Analysis of the 1985 Energy Consumption

Thus, e.g., the Economic Research Institute in an analysis of the energy consumption of the first three quarters of 1985--exact data on the fourth quarter are not yet available--noted that the retreat from oil came to a standstill in the third quarter. Consumption of crude oil and crude oil products in this period was 2.2 percent above the value of the previous year. In the first 9 months of 1985 a reduction of 0.9 percent was still recorded.

The structure of energy consumption, according to data of the economists, in the third quarter shifted clearly from coal (minus one percent) and from natural gas (minus 3 percent) to oil (plus 2.2 percent) and to water power (plus 8 percent). Mineral oil products profited from the thus far rather declining transportation field--but which grew during the reporting period by 5 percent--and especially from great increases in the field of heat generation. The rediscovery of oil as fuel is attributed by experts to the declining prices exclusively. Sizable increases in oil consumption were recorded in industry as well as in the home heating field.

Despite the declining prices, Austria has never spent as much for energy imports as it did last year. The economists estimate the costs of energy imports at a steep 64 billion schillings. From January to the end of September alone--exact figures are already available for this period--48.7 billion schillings flowed out of the country for energy purchases. Compared to the same period of the preceding year, this corresponds to an increase of 15 percent.

A sizable part of this great increase is of course attributable to the import prices that were still increasing during the first half year. The import quantity itself increased by only 4 percent. For example, in all of 1983, 600 million schillings less was transferred to foreign energy supplier than this year during 9 months. In 1984 the energy costs were 59.2 billion schillings.

Of course, this year these expenditures are likely to decline once again, provided that the present weakness of the crude oil market continues long enough. Crude oil after all constitutes by far the biggest item in the energy costs. That the hope for a reduction of the payments for energy purchases is justified is shown by a comparison of the crude oil prices and of the dollar rate of exchange to the preceding year: According to information from the Economic Research Institute, Austrian importers had to pay about 29 dollars for a barrel of oil at the beginning of 1985. Towards the end of the third quarter, the price still amounted to 27.80 dollars. The dollar rate of exchange--crude oil is internationally traded on the basis of the U.S. currency--during this period of course declined 12 percent, a fact which lowered the cost of imports on schilling basis even more. Early February the oil prices had slipped to below the 20 dollar mark, while at the same time the dollar rate of exchange was only barely a little over 17 schillings.

The declining oil prices are in part checked by growing costs for solid fuels such as, e.g., hard coal; but in the total costs, coal imports play only a subordinate role. Clearly welcome prospects for the economy which at least temporarily can get fuels at reasonable prices and thus its burden is somewhat eased on the cost side.

Of course, it must be feared that expensive energy savings measures will now be shelved. The energy waste of the 60's and 70's will, however, no longer become a wide spread practice, it is assumed. This will be prevented by the successful measures instituted at great cost. Thus, e.g., no car manufacturer would even dream of installing again technically obsolete engines with high gasoline consumption in his models merely because the motor fuel has suddenly become cheap again.

The same applies to fuel consumption in the many houses which were insulated at great financial expense during the past years. No one is going to tear out the insulation. Industry will gratefully acknowledge every little easing of costs.

However, there is the danger that the speedy development of new, but more expensive, energy supply forms will begin to flag. Thus, e.g., in the case of the sinfully expensive long-distance heating network: This form of energy has recently achieved the highest growth rates--last year after all 22 percent. It would be too bad if the further development plans would be shelved on account of the oil price reduction.

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OCEAN/POLAR ISSUES

ITALY

RADIO CONTACT MADE WITH ANTARCTIC MISSION

Rome LA REPUBBLICA in Italian 11 Jan 86 p 18

[Article by Arnaldo d'Amico]

[Text] "Until now all has proceeded very well, even better than foreseen. The ship is still separated from the coastline by one kilometer of frozen sea, but the coming of the antarctic summer and the very strong winds are quickly freeing the bay. In a few days we should make direct contact with the coastline and thus avoid the necessity to cross the dangerous strip of frozen sea." The voice of General Ezio Sterpone, leader of the Italian expedition to Antarctica, resounded clear and loud in the hall of the Ministry for Scientific Research after being relayed through a three satellite system over three oceans--the Atlantic, Pacific, and Indian.

Minister Granelli can hardly hide his satisfaction but nevertheless asks General Sterpone to be concise in his answers. In fact, the telephone call costs 40,000 lire per minute, but in spite of the admonishments it will last more than a half hour. There are many things to say and curiosities to satisfy. "It is now 2100 hours here and the weather is good but during the past days we had a substantial snowstorm. The climate is practically like that of an alpine ski resort."

It's now Professor Carlo Stocchino's turn, who is a veteran of the polar ice (he was the first Italian scientist to go to the South Pole in 1968) and scientific leader of the mission. "We have already accomplished the first survey using crawlers to penetrate 30 km into the continent, and have collected geological samples on the surface and by means of drilling. Sixty-five stations for measuring terrestrial magnetism have been installed, and geophysical measurements have been collected over an area of 7,000 km squared. Five temporary bases have been installed, prior to the permanent ones. Work is proceeding full steam and the men have now adapted perfectly to the environment even if at the onset those of us that had never been here went through a few perplexing moments."

"Still perplexed are the penguins," said Stocchino jokingly. "It's 20 days that our red ship's motors have been running 24 hours a day in the Bay of Gerlache (in those waters ships cannot anchor but have to be in continuous movement so as not to be trapped by the ice - editor's comment). Two helicopters take turns going to and from the land bases while six motorsleds and a crawler explore the surroundings."

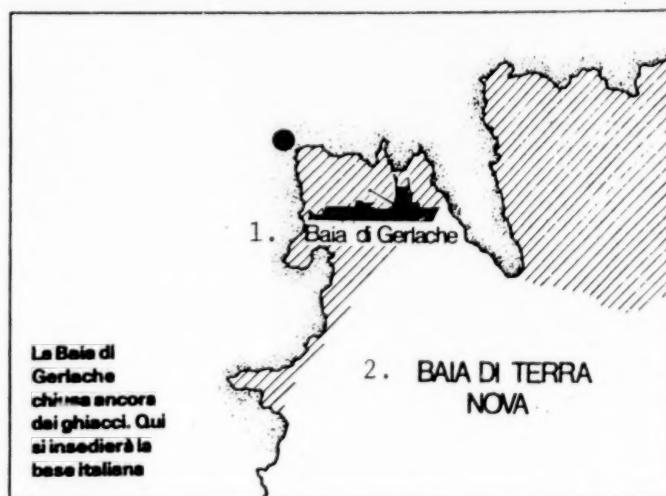
The Italians have arrived late but are frantically gaining lost time. Already at a good point are the geothermic studies of the 2700 meter Melbourne volcano and the atmospheric physics measurements aimed at gathering precious information on the solar wind and its influence on the occurrence of auroras and disruption of radio communications.

The scientific program will continue to the end of February, the end of the first mission, with marine biology investigations aimed at evaluating the possibility of extracting food from small shrimps, called krills, which populate antarctic waters; while a study of mussels and lichens will yield precious information on global pollution. These minute plants absorb and retain substances they come in contact with, and previous studies have already detected significant traces of DDT and other pollutants brought to the polar ice cap by as yet unexplained meteorological perturbations.

These studies will also permit one to determine the persistence time of noxious chemical products in the environment. The technical program includes, instead, measurements and surveys in the "Northern Foothills" zone aimed at solving the numerous problems of construction and habitability caused by the climate.

"Naturally its early to draw conclusions," said Stocchino before signing off.

"For now I can only say that underneath the ice there's a bit more than what we had expected."



Gerlache Bay still closed by ice. Here is where the Italian base will be established.

Key: 1. Gerlache Bay  
2. Terra Nova Bay

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**DATE FILMED**

10 April '86